

SERFF Tracking Number:	ALSX-125879404	State:	Arkansas
Filing Company:	Encompass Insurance Company of America	State Tracking Number:	EFT \$100
Company Tracking Number:	ER-0895		
TOI:	19.0 Personal Auto	Sub-TOI:	19.0001 Private Passenger Auto (PPA)
Product Name:	Private Passenger Auto		
Project Name/Number:	Rule/Rate Filing/ER-0895		

## Filing at a Glance

Company: Encompass Insurance Company of America

Product Name: Private Passenger Auto	SERFF Tr Num: ALSX-125879404	State: Arkansas
TOI: 19.0 Personal Auto	SERFF Status: Closed	State Tr Num: EFT \$100
Sub-TOI: 19.0001 Private Passenger Auto (PPA)	Co Tr Num: ER-0895	State Status: Fees verified and received
Filing Type: Rate/Rule	Co Status:	Reviewer(s): Alexa Grissom, Brittany Yielding
	Author: SPI AllState	Disposition Date: 12/18/2008
	Date Submitted: 10/29/2008	Disposition Status: Filed
Effective Date Requested (New): 01/22/2009		Effective Date (New): 03/05/2009
Effective Date Requested (Renewal): 01/22/2009		Effective Date (Renewal):
State Filing Description:		

## General Information

Project Name: Rule/Rate Filing	Status of Filing in Domicile:
Project Number: ER-0895	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 12/18/2008	
State Status Changed: 10/30/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	

Please reference the attached filing documentation, which outlines a proposed 9.8% rate level increase for the Encompass Insurance Company of America Private Passenger Auto Program in Arkansas.

The proposed effective date is January 22, 2009 for renewal business.

## Company and Contact

SERFF Tracking Number: ALSX-125879404 State: Arkansas  
Filing Company: Encompass Insurance Company of America State Tracking Number: EFT \$100  
Company Tracking Number: ER-0895  
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
Product Name: Private Passenger Auto  
Project Name/Number: Rule/Rate Filing/ER-0895

### Filing Contact Information

Chris Ewing,  
2775 Sanders Road (847) 402-5000 [Phone]  
Northbrook, IL 60062 (847) 402-9757[FAX]

### Filing Company Information

Encompass Insurance Company of America CoCode: 10071 State of Domicile: Illinois  
2775 Sanders Road Group Code: 8 Company Type:  
Suite A5  
Northbrook, IL 60062 Group Name: Allstate State ID Number:  
(847) 402-5000 ext. [Phone] FEIN Number: 36-3976913  
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### Filing Fees

Fee Required? Yes  
Fee Amount: \$100.00  
Retaliatory? No  
Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Encompass Insurance Company of America	\$100.00	10/29/2008	23555600

SERFF Tracking Number:	ALSX-125879404	State:	Arkansas
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Product Name:	Private Passenger Auto		
Project Name/Number:	Rule/Rate Filing/ER-0895		

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	12/18/2008	12/18/2008
Filed	Alexa Grissom	12/01/2008	12/01/2008

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Alexa Grissom	11/13/2008	11/13/2008	SPI AllState	11/17/2008	11/17/2008
Pending Industry Response	Alexa Grissom	11/04/2008	11/04/2008	SPI AllState	11/07/2008	11/07/2008
Pending Industry Response	Alexa Grissom	11/03/2008	11/03/2008	SPI AllState	11/03/2008	11/03/2008

### Amendments

Item	Schedule	Created By	Created On	Date Submitted
Rate Pages	Rate	SPI AllState	12/12/2008	12/12/2008
XS Rules	Rate	SPI AllState	12/12/2008	12/12/2008

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
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<i>SERFF Tracking Number:</i>	<i>ALSX-125879404</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Encompass Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>ER-0895</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule/Rate Filing/ER-0895</i>		

Change in effective date/Request to reopen filing	Note To Reviewer	SPI AllState	12/09/2008 12/09/2008
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<i>SERFF Tracking Number:</i>	<i>ALSX-125879404</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Encompass Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>ER-0895</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule/Rate Filing/ER-0895</i>		

## Disposition

Disposition Date: 12/18/2008

Effective Date (New): 03/05/2009

Effective Date (Renewal):

Status: Filed

Comment:

<b>Company Name:</b>	<b>Overall % Rate Impact:</b>	<b>Written Premium Change for this Program:</b>	<b># of Policy Holders Affected for this Program:</b>	<b>Premium:</b>	<b>Maximum % Change (where required):</b>	<b>Minimum % Change (where required):</b>	<b>Overall % Indicated Change:</b>
Encompass Insurance Company of America	9.800%	\$121,607	1,470	\$1,240,889	28.290%	0.000%	9.800%

SERFF Tracking Number: ALSX-125879404 State: Arkansas

Filing Company: Encompass Insurance Company of America State Tracking Number: EFT \$100

Company Tracking Number: ER-0895

TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)

Product Name: Private Passenger Auto

Project Name/Number: Rule/Rate Filing/ER-0895

Item Type	Item Name	Item Status	Public Access
Supporting Document	A-1 Private Passenger Auto Abstract	Filed	Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Actuarial support(1 of 3), Actuarial Support(2 of 3), Actuarial Support(3 of 3), Rate and Rule Schedule	Filed	Yes
Supporting Document	Nov 4 Objection Response	Filed	Yes
Supporting Document	Nov 4 APCS	Filed	Yes
Supporting Document	Nov 4 RRFS	Filed	Yes
Supporting Document	Nov 4 Form A-1	Filed	Yes
Supporting Document	Nov 4 RF-1	Filed	Yes
Supporting Document	Nov 13 Objection Response	Filed	Yes
Supporting Document	Nov 13 Response Support	Filed	Yes
Rate (revised)	Rate Pages	Filed	Yes
Rate	Rate Pages	Filed	Yes
Rate (revised)	XS Rules	Filed	Yes
Rate	XS Rules	Filed	Yes

<i>SERFF Tracking Number:</i>	<i>ALSX-125879404</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Encompass Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>ER-0895</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule/Rate Filing/ER-0895</i>		

## Disposition

Disposition Date: 12/01/2008

Effective Date (New): 01/22/2009

Effective Date (Renewal):

Status: Filed

Comment:

<b>Company Name:</b>	<b>Overall % Rate Impact:</b>	<b>Written Premium Change for this Program:</b>	<b># of Policy Holders Affected for this Program:</b>	<b>Premium:</b>	<b>Maximum % Change (where required):</b>	<b>Minimum % Change (where required):</b>	<b>Overall % Indicated Change:</b>
Encompass Insurance Company of America	9.800%	\$121,607	1,470	\$1,240,889	28.290%	0.000%	9.800%

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Product Name: Private Passenger Auto

Project Name/Number: Rule/Rate Filing/ER-0895

Item Type	Item Name	Item Status	Public Access
Supporting Document	A-1 Private Passenger Auto Abstract	Filed	Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Actuarial support(1 of 3), Actuarial Support(2 of 3), Actuarial Support(3 of 3), Rate and Rule Schedule	Filed	Yes
Supporting Document	Nov 4 Objection Response	Filed	Yes
Supporting Document	Nov 4 APCS	Filed	Yes
Supporting Document	Nov 4 RRFS	Filed	Yes
Supporting Document	Nov 4 Form A-1	Filed	Yes
Supporting Document	Nov 4 RF-1	Filed	Yes
Supporting Document	Nov 13 Objection Response	Filed	Yes
Supporting Document	Nov 13 Response Support	Filed	Yes
Rate (revised)	Rate Pages	Filed	Yes
Rate	Rate Pages	Filed	Yes
Rate (revised)	XS Rules	Filed	Yes
Rate	XS Rules	Filed	Yes



SERFF Tracking Number: ALSX-125879404 State: Arkansas  
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Product Name: Private Passenger Auto  
Project Name/Number: Rule/Rate Filing/ER-0895

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 11/13/2008  
Submitted Date 11/13/2008  
Respond By Date  
Dear Chris Ewing,

This will acknowledge receipt of the captioned filing. Please provide the loss ratio for Territory 4.

Please feel free to contact me if you have questions.

Sincerely,  
Alexa Grissom

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 11/17/2008  
Submitted Date 11/17/2008

Dear Alexa Grissom,

### Comments:

In response to the November 13 objection

### Response 1

Comments: Please review the attached material.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Nov 13 Objection Response

Comment:

Satisfied -Name: Nov 13 Response Support

Comment:

No Form Schedule items changed.

*SERFF Tracking Number:*      *ALSX-125879404*      *State:*      *Arkansas*  
*Filing Company:*      *Encompass Insurance Company of America*      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *ER-0895*  
*TOI:*      *19.0 Personal Auto*      *Sub-TOI:*      *19.0001 Private Passenger Auto (PPA)*  
*Product Name:*      *Private Passenger Auto*  
*Project Name/Number:*      *Rule/Rate Filing/ER-0895*

No Rate/Rule Schedule items changed.

Please contact Chris Ewing at 847-402-7309 or [chris.ewing@allstate.com](mailto:chris.ewing@allstate.com) if you have further questions or need additional information.

Sincerely,  
SPI AllState

SERFF Tracking Number: ALSX-125879404 State: Arkansas  
Filing Company: Encompass Insurance Company of America State Tracking Number: EFT \$100  
Company Tracking Number: ER-0895  
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
Product Name: Private Passenger Auto  
Project Name/Number: Rule/Rate Filing/ER-0895

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 11/04/2008  
Submitted Date 11/04/2008  
Respond By Date  
Dear Chris Ewing,

This will acknowledge receipt of the captioned filing. As discussed today, the Rf-1 and APCS must be separate documents, and the APCS must be in Excel. Also, please advise what factors would result in a 28 percent increase.

Please feel free to contact me if you have questions.

Sincerely,  
Alexa Grissom

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 11/07/2008  
Submitted Date 11/07/2008

Dear Alexa Grissom,

### Comments:

In response to the November 4 objection

### Response 1

Comments: Please review the attached material.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Nov 4 Objection Response

Comment:

Satisfied -Name: Nov 4 APCS

Comment:

Satisfied -Name: Nov 4 RRFS

Comment:

*SERFF Tracking Number:*      *ALSX-125879404*      *State:*      *Arkansas*  
*Filing Company:*      *Encompass Insurance Company of America*      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *ER-0895*  
*TOI:*      *19.0 Personal Auto*      *Sub-TOI:*      *19.0001 Private Passenger Auto (PPA)*  
*Product Name:*      *Private Passenger Auto*  
*Project Name/Number:*      *Rule/Rate Filing/ER-0895*

Satisfied -Name: Nov 4 Form A-1

Comment:

Satisfied -Name: Nov 4 RF-1

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please contact Chris Ewing at 847-402-7309 or [chris.ewing@allstate.com](mailto:chris.ewing@allstate.com) if you have further questions or need additional information.

Sincerely,  
SPI AllState

SERFF Tracking Number: ALSX-125879404 State: Arkansas  
Filing Company: Encompass Insurance Company of America State Tracking Number: EFT \$100  
Company Tracking Number: ER-0895  
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
Product Name: Private Passenger Auto  
Project Name/Number: Rule/Rate Filing/ER-0895

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 11/03/2008  
Submitted Date 11/03/2008

Respond By Date

Dear Chris Ewing,

This will acknowledge receipt of the captioned filing. Please complete the RF-1 and APCS forms and submit to the Department.

Please feel free to contact me if you have questions.

Sincerely,

Alexa Grissom

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 11/03/2008  
Submitted Date 11/03/2008

Dear Alexa Grissom,

### Comments:

In response to the November 3 objection

### Response 1

Comments: Completed the RF-1 and APCS forms were submitted to the Department under the PPA Abstract (Form A1) attachment. There are three documents under that one attachment.

Chris Ewing

### Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

*SERFF Tracking Number:*      *ALSX-125879404*      *State:*      *Arkansas*  
*Filing Company:*      *Encompass Insurance Company of America*      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *ER-0895*  
*TOI:*      *19.0 Personal Auto*      *Sub-TOI:*      *19.0001 Private Passenger Auto (PPA)*  
*Product Name:*      *Private Passenger Auto*  
*Project Name/Number:*      *Rule/Rate Filing/ER-0895*

No Rate/Rule Schedule items changed.

Please contact Chris Ewing at 847-402-7309 or [chris.ewing@allstate.com](mailto:chris.ewing@allstate.com) if you have further questions or need additional information.

Sincerely,  
SPI AllState

<i>SERFF Tracking Number:</i>	<i>ALSX-125879404</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Encompass Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>ER-0895</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule/Rate Filing/ER-0895</i>		

**Amendment Letter**

Amendment Date:

Submitted Date: 12/12/2008

**Comments:**

Thank you for reopening this filing. As mentioned in the 12/9/08 Note to reviewer, the effective date for this filing has changed to March 5, 2009 for renewal business. Please see the revised manual pages reflecting this date.

**Changed Items:**

**Rate/Rule Schedule Item Changes:**

<b>Exhibit Name:</b>	<b>Rule # or</b>	<b>Rate</b>	<b>Previous State</b>	<b>Attach</b>
	<b>Page #:</b>	<b>Action:</b>	<b>Filing Numbers:</b>	<b>Document:</b>
Rate Pages	Multiple Page	Replacement		Multiple Page.PDF
<b>Exhibit Name:</b>	<b>Rule # or</b>	<b>Rate</b>	<b>Previous State</b>	<b>Attach</b>
	<b>Page #:</b>	<b>Action:</b>	<b>Filing Numbers:</b>	<b>Document:</b>
XS Rules	5	Replacement		5.PDF

*SERFF Tracking Number:*      *ALSX-125879404*      *State:*      *Arkansas*  
*Filing Company:*      *Encompass Insurance Company of America*      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *ER-0895*  
*TOI:*      *19.0 Personal Auto*      *Sub-TOI:*      *19.0001 Private Passenger Auto (PPA)*  
*Product Name:*      *Private Passenger Auto*  
*Project Name/Number:*      *Rule/Rate Filing/ER-0895*

**Note To Reviewer**

**Created By:**

SPI AllState on 12/09/2008 04:07 PM

**Subject:**

Change in effective date/Request to reopen filing

**Comments:**

Thank you for your disposition on 12/1. At this time, we would like to change the effective date to March 5, 2009. Would you be willing to reopen the filing so that we may submit manual pages that reflect this new date? No other changes have been made.



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Filing Company:	Encompass Insurance Company of America	State Tracking Number:	EFT \$100
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Product Name:	Private Passenger Auto		
Project Name/Number:	Rule/Rate Filing/ER-0895		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	File and Use
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	5.000%
<b>Effective Date of Last Rate Revision:</b>	08/24/2006
<b>Filing Method of Last Filing:</b>	File and Use

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Encompass Insurance Company of America	9.800%	9.800%	\$121,607	1,470	\$1,240,889	28.290%	0.000%

<i>SERFF Tracking Number:</i>	<i>ALSX-125879404</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Encompass Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>ER-0895</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule/Rate Filing/ER-0895</i>		

## Rate/Rule Schedule

<b>Review Status:</b>	<b>Exhibit Name:</b>	<b>Rule # or Page #:</b>	<b>Rate Action</b>	<b>Previous State Filing Attachments Number:</b>
Filed	Rate Pages	Multiple Page	Replacement	Multiple Page.PDF
Filed	XS Rules	5	Replacement	5.PDF

## ARKANSAS USP PACKAGE AUTO RATE PAGES

BASE RATES

Territory	\$100/300 BI	\$50,000 PD	\$250 ded. COMP	\$250 ded. COLL	\$5,000 MED
3	273	199	52	308	31
4	447	329	45	319	32
5	502	367	45	319	32
9	343	265	52	332	31
10	320	241	42	301	24
31	389	285	49	303	32
32	419	310	45	297	33
33	332	233	56	322	24
34	357	250	48	311	28
35	325	231	62	318	28
36	318	221	55	317	31
37	309	223	59	317	31
38	325	224	62	315	31
89	377	287	80	346	31
90	348	261	72	318	31
91	280	235	55	268	31
92	320	218	54	282	32

## ARKANSAS USP PACKAGE AUTO RATE PAGES

Terr	Medical Limits					
	\$1,000	\$2,500	\$5,000	\$10,000	\$25,000	\$50,000
3	18	21	31	41	52	62
4	19	22	32	42	54	64
5	19	22	32	42	54	64
9	18	21	31	41	52	62
10	14	17	24	31	41	48
31	19	22	32	42	54	64
32	19	23	33	43	56	66
33	14	17	24	31	41	48
34	16	19	28	37	47	56
35	16	19	28	37	47	56
36	18	21	31	41	52	62
37	18	21	31	41	52	62
38	18	21	31	41	52	62
89	18	21	31	41	52	62
90	18	21	31	41	52	62
91	18	21	31	41	52	62
92	19	22	32	42	54	64

**SECTION: UNIVERSAL SECURITY POLICY PORTFOLIO:  
EXCESS LIABILITY RULES**
**EFFECTIVE: March 5, 2009  
PAGE NO: 2-Arkansas**
**5. ANNUAL RATES—BASIC LIMITS AND \$100/300 OR \$300,000 MINIMUM  
UNDERLYING LIMITS FLAT CHARGE**
**A. Motor Vehicle Liability (rates apply per vehicle)**
**(1) Autos, pickups, vans and registered dune buggies**

<u>Classification</u>	<u>Class Code</u>	<u>Basic Limit Rates All Territories</u>	<u>\$100/300 or \$300,000 Underlying Limit Flat Charge</u>
All Operators	7010XX	\$88	\$6
Youthful Surcharge:			
Operators Under Age 21	7710XX	\$26	\$2
Operators Age 21 to 24	7510XX	\$26	\$2
Silver Select Surcharge	N/A	\$37	\$2
Senior Discount:			
Operators Age 50 and Above	7310XX	\$22	\$1

If two or more vehicles above are insured under the same policy, apply a factor of 0.80 to the above rates. (Class Code: Single Car XXXX01, Multi Car XXXX02)

**(2) Other Miscellaneous Type Vehicles**

<u>Vehicle</u>	<u>Class Code</u>	<u>Basic Limit Rates All Territories</u>	<u>\$100/300 or \$300,000 Underlying Limit Flat Charge</u>
Motor Homes	703000	\$27	\$2
Snowmobiles	704000	\$23	\$2
All-Terrain Vehicles	705000	\$23	\$2
Non-Registered Dune Buggies	706000	\$27	\$2
Golf Carts	707000	\$27	\$2
Antique Autos	708000	\$27	\$2

**Note:** The youthful surcharge should be added for each youthful operator for which coverage is to apply. The senior discount is then applied to any remaining vehicles. The number of youthful surcharges and senior discounts should not exceed the number of motor vehicles on the policy.

**B. Home and Dwelling Fire Personal Liability**

<u>Type</u>	<u>Class Code</u>	<u>Basic Limit Rates All Territories</u>	<u>\$300,000 Underlying Limit Flat Charge</u>
(1) Primary Residence	001	\$30	\$9
(2) Other Residence Premises and Residences Rented to Others	002	\$6	N/A
(3) Extended Liability Exposures: Permitted Business Exposures and Incidental Farming	N/A	\$10 (one charge per residence)	N/A
(4) HomeWork Supplement	N/A	\$37	N/A

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Product Name:	Private Passenger Auto		
Project Name/Number:	Rule/Rate Filing/ER-0895		

## Supporting Document Schedules

<b>Satisfied -Name:</b>	A-1 Private Passenger Auto Abstract	<b>Review Status:</b>	Filed	12/01/2008
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**Comments:**

**Attachment:**

PPA Abstract (Form A1).PDF

<b>Satisfied -Name:</b>	Uniform Transmittal Document- Property & Casualty	<b>Review Status:</b>	Filed	12/01/2008
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**Comments:**

**Attachment:**

AR - NAIC P&C TRANSMITTAL DOCUMENT.PDF

<b>Bypassed -Name:</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	<b>Review Status:</b>	Filed	12/01/2008
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**Bypass Reason:** Not applicable

**Comments:**

<b>Bypassed -Name:</b>	APCS-Auto Premium Comparison Survey	<b>Review Status:</b>	Filed	12/01/2008
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**Bypass Reason:** See review the User Added Actuarial Supports

**Comments:**

<b>Bypassed -Name:</b>	NAIC loss cost data entry document	<b>Review Status:</b>	Filed	12/01/2008
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**Bypass Reason:** See review the User Added Actuarial Supports

**Comments:**

**Review Status:**

<i>SERFF Tracking Number:</i>	<i>ALSX-125879404</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Encompass Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>ER-0895</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule/Rate Filing/ER-0895</i>		
<b>Satisfied -Name:</b>	Actuarialsupport(1of3), ActuarialSupport(2of3), ActuarialSupport(3of3), Rate and Rule Schedule	Filed	12/01/2008

**Comments:**

**Attachments:**

Actuarialsupport(1of3).PDF  
ActuarialSupport(2of3).PDF  
ActuarialSupport(3of3).PDF  
Rate and Rule Schedule.PDF

SERFF Tracking Number: ALSX-125879404 State: Arkansas  
Filing Company: Encompass Insurance Company of America State Tracking Number: EFT \$100  
Company Tracking Number: ER-0895  
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)  
Product Name: Private Passenger Auto  
Project Name/Number: Rule/Rate Filing/ER-0895

**Review Status:**  
**Satisfied -Name:** Nov 4 Objection Response Filed 12/01/2008  
**Comments:**  
**Attachment:**  
Nov 4 Objection Response.PDF

**Review Status:**  
**Satisfied -Name:** Nov 4 APCS Filed 12/01/2008  
**Comments:**  
**Attachments:**  
Nov 4 APCS.PDF  
Nov 4 APCS.XLS

**Review Status:**  
**Satisfied -Name:** Nov 4 RRFS Filed 12/01/2008  
**Comments:**  
**Attachment:**  
Nov 4 RRFS.PDF

**Review Status:**  
**Satisfied -Name:** Nov 4 Form A-1 Filed 12/01/2008  
**Comments:**  
**Attachment:**  
Nov 4 Form A-1.PDF

**Review Status:**  
**Satisfied -Name:** Nov 4 RF-1 Filed 12/01/2008  
**Comments:**  
**Attachment:**  
Nov 4 RF-1.PDF

**Review Status:**  
**Satisfied -Name:** Nov 13 Objection Response Filed 12/01/2008



<i>SERFF Tracking Number:</i>	<i>ALSX-125879404</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Encompass Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>ER-0895</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule/Rate Filing/ER-0895</i>		

**Comments:**

**Attachment:**

Nov 13 Objection Response.PDF

<i>SERFF Tracking Number:</i>	<i>ALSX-125879404</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Encompass Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>ER-0895</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule/Rate Filing/ER-0895</i>		

<b>Satisfied -Name:</b>	Nov 13 Response Support	<b>Review Status:</b>	
<b>Comments:</b>		Filed	12/01/2008
<b>Attachment:</b>			
Nov 13 Response Support.PDF			

## PRIVATE PASSENGER AUTOMOBILE ABSTRACT

Instructions: All questions must be answered. If the answer is "none" or "Not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submission that do not alter the information contained herein need not include this form.

Company Name Encompass Insurance Company of America

NAIC No. 008-10071

Group No. ER-0895

1. Are there any areas in the State of Arkansas in which your company will not write automobile insurance?  
NO
2. Do you furnish a market for young drivers? Yes \_\_\_\_\_  
Over age 65 drivers? Yes \_\_\_\_\_
3. Do you require collateral business to support a youthful driver risk? Yes \_\_\_\_\_
4. Do you insure driver with an international or foreign driver's license? Yes \_\_\_\_\_
5. Specify the percentage you allow in credit or discounts for the following:
 

a. Driver Over 55	_____ 10 _____ %
b. Good Student Discount	_____ 10-14 _____ %
c. Multi-car Discount	_____ 25 _____ %
* Assuming clean driving record, married 25-49, pleasure use	
d. Accident Free Discount*	_____ 5-10 _____ %
* 5% discount applied to the total base premiums for BI, PD, CSL, Med and Coll Coverages of any policy that has been both free of accidents and major violations (of 2 or more points) for the last three years. Discount increases 1% for every consecutive year in addition to 3 years for up to a 10% discount.	
e. Anti-theft Discount	_____ 5-15 _____ %
f. Other (specify)	_____ %
Anti-Lock Braking / Passive Restraint	_____ 5-30 _____ %
6. Do you have an installment payment plan for automobile insurance? Yes \_\_\_\_\_  
If so, what is the fee for installment payments?  
For each installment, a \$5 charge shall be added.
7. Does your company utilize a tiered rating plan? Yes \_\_\_\_\_ If so, list the programs and percentage difference.  
State the current volume for each program.

Program	Percentage Difference	Volume (Policies)
Platinum Plus	0.80	743
Platinum	1.00	246
Gold	1.25	19
Silver Select	1.70	462

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Jamie Anderson

Signature

Actuarial Analyst

Title

847-402-9541

Telephone Number

# NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # **ER-0895**

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number

Company Name **Encompass Insurance Company of America** Company NAIC Number **008-10071**

Product Coding Matrix Line of Business (i.e., Type of Insurance) **Auto- Liability 19.0, Auto- Physical Damage 21.0** Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				(H) Co. Current Loss Cost Multiplier
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	
Liability	+35.8%	+22.0%					
UM/UIM	-5.7%	0.0%					
Comprehensive	-15.1%	0.0%					
Collision	-10.8%	0.0%					
TOTAL OVERALL EFFECT	9.8%	9.8%					

6.		5 Year History		Rate Change History			7.		
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio	Expense Constants	Selected Provisions
2003	3,045	10.9%	06/01/03	5,770	2,103	36.4%	49.3%	A. Total Production Expense	15.8%
		6.3%	08/15/03					B. General Expense	Liab: 9.2% Phys Dam: 8.5%
2004	1,843	N/A	N/A	4,169	2,309	55.4%	43.4%	C. Taxes, License & Fees	2.8%
2005	1,653	N/A	N/A	3,365	1,671	49.7%	42.0%	D. Underwriting Profit & Contingencies	Liab: 8.1% Phys Dam: 10.6%
2006	1,295	5.0%	08/24/06	2,572	-1,324	-51.5%	46.3%	E. Other (explain)	-
2007	872	N/A	N/A	1,898	1,626	85.7%	55.8%	F. TOTAL	Liab: 33.1% Phys Dam: 37.7%

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. 28.29% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 38

10. N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable):

# Private Passenger Auto Premium Comparison Survey Form

FORM APCS - last modified August 2005

NAIC Number: 008-10071  
 Company Name: Encompass Insurance Company of America  
 Contact Person: Jamie Anderson  
 Telephone No.: 847-402-9541  
 Email Address: janar@aislate.com  
 Effective Date: 1/22/2009

## Assumptions to Use:

1. Liability - Minimum \$25,000 per person
2. Bodily Injury \$50,000 per accident  
\$25,000 per accident
3. Property Damage \$100 deductible per accident
4. Comprehensive & Collision \$250 deductible per accident
5. The insured has elected to accept:  
Uninsured motorist property and bodily injury equal to liability coverage  
Underinsured bodily injury equal to liability coverage
6. Personal Injury Protection of \$5,000 for medical loss wages according to statute and \$5,000 accidental death
7. If male and female rates are different, use the highest of the two.

## DISCOUNTS/OFFERS:

PASSIVE RESTRAINT AIRBAG 5-30 %  
 AUTOMOBILE OWNERS 20 %  
 GOOD STUDENT 10-14 %  
 ANTI-THEFT DEVICE 5-15 %  
 Over 55 Defensive Driver Discount 10 %  
 \$250/\$500 Deductible Comp/Coll 0/13 %

Submit to: Arkansas Insurance Department  
 1200 West Third Street  
 Little Rock, AR 72201-1904  
 Telephone: 501-371-2800  
 Email as an attachment: insurance.pnc@arkansas.gov  
 You may also attach to a SERFF filing or submit on a compact disk

Vehicle	Gender	Fayetteville			Trumann			Little Rock			Lake Village			Pine Bluff		
		Male	Female	Age	Male	Female	Age	Male	Female	Age	Male	Female	Age	Male	Female	Age
		18-24	25-64	65+	18-24	25-64	65+	18-24	25-64	65+	18-24	25-64	65+	18-24	25-64	65+
1998 Chevrolet Silverado 4800 2WD 4.5L regular cab (191 lb)	Male	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302
	Female	\$1,549	\$2,287	\$629	\$1,549	\$2,287	\$629	\$1,549	\$2,287	\$629	\$1,549	\$2,287	\$629	\$1,549	\$2,287	\$629
2003 Ford Explorer XLT 2WD 4 door	Male	\$1,711	\$2,527	\$692	\$1,711	\$2,527	\$692	\$1,711	\$2,527	\$692	\$1,711	\$2,527	\$692	\$1,711	\$2,527	\$692
	Female	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302
2003 Ford Explorer XLT 2WD 4 door	Male	\$1,870	\$2,764	\$755	\$1,870	\$2,764	\$755	\$1,870	\$2,764	\$755	\$1,870	\$2,764	\$755	\$1,870	\$2,764	\$755
	Female	\$2,032	\$3,004	\$818	\$2,032	\$3,004	\$818	\$2,032	\$3,004	\$818	\$2,032	\$3,004	\$818	\$2,032	\$3,004	\$818
2003 Toyota Camry SE EX	Male	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302
	Female	\$1,807	\$2,671	\$730	\$1,807	\$2,671	\$730	\$1,807	\$2,671	\$730	\$1,807	\$2,671	\$730	\$1,807	\$2,671	\$730
2003 Toyota Camry SE 3.0L 4 door Sedan	Male	\$1,969	\$2,911	\$793	\$1,969	\$2,911	\$793	\$1,969	\$2,911	\$793	\$1,969	\$2,911	\$793	\$1,969	\$2,911	\$793
	Female	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302
2003 Cadillac Seville STS 4 door Sedan	Male	\$2,133	\$3,158	\$868	\$2,133	\$3,158	\$868	\$2,133	\$3,158	\$868	\$2,133	\$3,158	\$868	\$2,133	\$3,158	\$868
	Female	\$2,295	\$3,398	\$921	\$2,295	\$3,398	\$921	\$2,295	\$3,398	\$921	\$2,295	\$3,398	\$921	\$2,295	\$3,398	\$921
2003 Cadillac Seville STS 4 door Sedan	Male	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302
	Female	\$2,272	\$3,366	\$913	\$2,272	\$3,366	\$913	\$2,272	\$3,366	\$913	\$2,272	\$3,366	\$913	\$2,272	\$3,366	\$913
1998 Chevrolet Cavalier LT 4 door Sedan	Male	\$2,434	\$3,606	\$976	\$2,434	\$3,606	\$976	\$2,434	\$3,606	\$976	\$2,434	\$3,606	\$976	\$2,434	\$3,606	\$976
	Female	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302	\$738	\$1,087	\$302
1998 Chevrolet Cavalier LT 4 door Sedan	Male	\$1,623	\$2,398	\$658	\$1,623	\$2,398	\$658	\$1,623	\$2,398	\$658	\$1,623	\$2,398	\$658	\$1,623	\$2,398	\$658
	Female	\$1,785	\$2,638	\$721	\$1,785	\$2,638	\$721	\$1,785	\$2,638	\$721	\$1,785	\$2,638	\$721	\$1,785	\$2,638	\$721


## Property &amp; Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b>	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
g. SERFF Filing #:		
h. Subject Codes		

<b>3. Group Name</b>	Allstate				<b>Group NAIC #</b>	008
<b>4. Company Name(s)</b>	<b>Domicile</b>	<b>NAIC #</b>	<b>FEIN #</b>	<b>State #</b>		
Encompass Insurance Company of America	IL	10071	36-3976913			

<b>5. Company Tracking Number</b>	ER-0895
-----------------------------------	---------

## Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

<b>6. Name and address</b>	<b>Title</b>	<b>Telephone #s</b>	<b>FAX #</b>	<b>e-mail</b>
Chris Ewing 2775 Sanders Road, Suite A5 Northbrook IL 60062		800-366-2958 Ext. 27309	847-402-9757	
<b>7. Signature of authorized filer</b>				
<b>8. Please print name of authorized filer</b>	Chris Ewing			

## Filing Information (see General Instructions for descriptions of these fields)

<b>9. Type of Insurance (TOI)</b>	19.0 Personal Auto
<b>10. Sub-Type of Insurance (Sub-TOI)</b>	19.0001 Private Passenger Auto (PPA)
<b>11. State Specific Product code(s) (if applicable) [See State Specific Requirements]</b>	
<b>12. Company Program Title (Marketing Title)</b>	Private Passenger Auto
<b>13. Filing Type</b>	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
<b>14. Effective Date(s) Requested</b>	New: 01/22/2009      Renewal: 01/22/2009
<b>15. Reference Filing?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>16. Reference Organization (if applicable)</b>	Not applicable
<b>17. Reference Organization # &amp; Title</b>	Not applicable
<b>18. Company's Date of Filing</b>	10-29-2008
<b>19. Status of filing in domicile</b>	<input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

# Property & Casualty Transmittal Document

20.	This filing transmittal is part of Company Tracking #	ER-0895
21.	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]	

Please reference the attached filing documentation, which outlines a proposed 9.8% rate level increase for the Encompass Insurance Company of America Private Passenger Auto Program in Arkansas.

The proposed effective date is January 22, 2009 for renewal business.

22.	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable.) [If a state requires you to show how you calculated your filing fees, place that calculation below]
	<div data-bbox="180 1461 795 1516"> <p><b>Check #:</b>      Fee paid via Electronic Fund Transfer</p> <p><b>Amount:</b>     \$100.00</p> </div> <div data-bbox="151 1757 1304 1812"> <p><b>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</b></p> </div>

\*\*\*Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

ENCOMPASS INSURANCE  
ARKANSAS  
PRIVATE PASSENGER AUTOMOBILE

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**II. Auto Statewide Rate Level Indications**

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Development of Statewide Rate Level Indication  
Premium and Loss Adjustments in Detail  
Catastrophe Adjustments in Detail  
Expense and Profit Load Support



ENCOMPASS INSURANCE  
ARKANSAS  
PRIVATE PASSENGER AUTOMOBILE

Section I  
Page 1

**SUMMARY OF CHANGES AND SUMMARY EXHIBITS**

The chart below summarizes the indicated and proposed rate level changes included in this filing.

<b><u>Coverage</u></b>	<b><u>Adjusted Earned Premium Distribution</u></b>	<b><u>Indicated Rate Level Change</u></b>	<b><u>Proposed Rate Level Change</u></b>
Liability	<u>44.4%</u>	<u>+35.8%</u>	<u>+22.0%</u>
Uninsured/Underinsured Motorist	<u>10.6%</u>	<u>-5.7%</u>	<u>+0.0%</u>
Comprehensive	<u>15.2%</u>	<u>-15.1%</u>	<u>+0.0%</u>
Collision	<u>29.8%</u>	<u>-10.8%</u>	<u>+0.0%</u>
<b>Overall</b>	<u>100.0%</u>	<u>+9.8%</u>	<u>+9.8%</u>

The filing contains the following revisions:

***Base Rates***

Base rates have been revised by coverage to reach a Liability impact of 22.0%, a Comprehensive impact of 0.0% and a Collision impact of 0.0%. The result of these changes is an overall impact of 9.8%. Please reference the rate pages for these changes.

***Medical Limits***

Medical limits have been revised to reflect the new medical base rates. Please reference the rate pages for these changes.

***Personal Umbrella Motor Vehicle Liability Premiums:***

Motor Vehicle liability premiums have been revised to reach a liability impact of 22.0%. Please reference the Excess Liability Rule pages for these changes.

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Section I  
Page 2

**SUMMARY OF CHANGES AND SUMMARY EXHIBITS (cont.)**

***MOTOR VEHICLE RATE PAGES***

***Base Rates***

Revised base rates.

***Medical Limits***

Revised medical limits.

***EXCESS LIABILITY RULE PAGES***

***Annual Rates (5 A)***

Revised motor vehicle and miscellaneous vehicle liability rates.

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Section II  
Page 1

**OVERVIEW OF AUTO INDICATION METHODOLOGY**

**Exhibits 1 through 12** of this section show the Determination of Statewide Rate Level Indications for Arkansas. The objective of this process is to determine the indicated rate level need. This is done by evaluating the adequacy of our present rates to pay for our best estimate of losses and expenses, including a reasonable profit margin, that will be incurred from annual policies written in the year after the proposed effective date.

The statewide rate level indication is based on data from five rolling accident years for Liability, Personal Injury Protection, Uninsured/Underinsured Motorist, Comprehensive and Collision with losses evaluated as of June 30, 2008.

**DEVELOPMENT OF STATEWIDE RATE LEVEL INDICATION (Exhibit 2)**

1. Twelve-Month Experience Period:
2. Adjusted Earned Premium:  
The calculation of adjusted earned premium is shown in **Exhibit 3** and takes into account the impact of current rate levels, premium trend, and other premium adjustments.
3. Non-Cat Adjusted Incurred Loss + LAE:  
The calculation is detailed in **Exhibit 4** and includes the following factors: loss development, excess loss, loss trend, unallocated loss adjustment expense, and other loss adjustments.
4. Non-Cat Adjusted Loss Ratio:  
 $(3) / (2)$
5. Formula Weights:  
By weighting experience period results, an insurer can stabilize the indication while also taking into account any recent emerging trends in the data.
6. Non-Cat Ratemaking Loss Ratio:  
Shows the formula non-cat adjusted loss ratio calculated using the formula weights in (5).
7. Claim Count:  
Number of incurred claims in the experience periods used in the non-cat ratemaking loss ratio calculation.
8. Full Credibility Standard:  
Number of incurred claims in the experience period to assign full credibility.
9. Credibility:  
 $[(7) / (8)] ^{0.5}$
10. Non-Cat Adjusted Prior Permissible Loss Ratio:  
The prior company permissible loss ratio (reduced by fixed expenses, residual market load, and expected catastrophe provision) adjusted for annual net trend, is used as the complement of credibility. The calculation of the non-cat adjusted prior permissible loss ratio is shown in **Exhibit 2C**.
11. Credibility Weighted Non-Cat Ratemaking Loss Ratio:  
 $[(6) * (9)] + [(10) * (1 - (9))]$
12. Catastrophe Load:  
The calculation of this provision for catastrophes (as a percentage of incurred loss excluding catastrophes) is illustrated in **Exhibit 10**.
13. Catastrophe Ratemaking Loss Ratio:  
 $[(17) - (15) - (16)] * [1 - 1 / (12)]$

ENCOMPASS INSURANCE  
ARKANSAS  
PRIVATE PASSENGER AUTOMOBILE

Section II  
Page 3

14. Total Ratemaking Loss Ratio:  
[(11) + (13)]

15. Adjusted Fixed Expense Ratio:  
100% of General Expenses, Other Acquisition Expenses, and Miscellaneous Taxes, Licenses and Fees are assumed to be a fixed percentage of current premium and do not change in proportion to rate level revisions. This fixed expense ratio is adjusted for fixed expense trend, premium trend, and current rate level. Since historical premiums are adjusted to the current rate level, an adjustment to these expenses is necessary as well to adjust historical expenses to future expense levels. This calculation is detailed in **Exhibit 12 Page 1.**

16. Adjusted Residual Market Load:  
Where applicable, a charge is included to reflect the cost incurred by the company as a result of residual market assignments. Similarly to the fixed expense ratio, this residual market load is adjusted for loss trend, premium trend, and current rate level.

17. Permissible Loss and LAE Ratio:  
The permissible loss and LAE ratio calculation is shown in **Exhibit 12 Page 4.**

18. Rate Level Indication:  
[((14) + (15) + (16)) / (17)] - 1

**ADJUSTMENTS TO PREMIUMS**

**Current Rate Level Factors**

Earned premiums are adjusted to current rate levels to simulate premiums that would have resulted if present rates had been charged during the experience period. Current rate level factors are determined using the parallelogram method. The average rate level in effect for the historical experience periods is calculated and a cumulative index reflecting all rate changes from the beginning of the experience period to the present is developed. The current rate level factor is then calculated by dividing the cumulative index by the average rate level and applied to each experience period's earned premium to bring it to the current rate level. A detailed explanation of the parallelogram method is included in Foundations of Casualty Actuarial Science, Chapter 3, written by Charles L. McClenahan. These factors are shown in **Exhibit 5**.

**Premium Trend Factors**

In addition to bringing premiums to current rate level, changes in the average written premium at the current premium level were reviewed. Based upon this review, historical premium trends were selected to account for shifts in the distribution of various rating characteristics such as driver classification, increased limits, model year and price group symbols (PGS). Since the effects on losses caused by these shifts are reflected in the loss trends, it is important that Encompass also account for the anticipated future changes in premiums. Therefore, projected premium trend was taken into consideration when calculating the rate level need by coverage. See **Exhibits 6B** through **6D** for the support for these selections.

Selected annual premium trends and overall premium trend factors for all coverages are shown in **Exhibit 6A**. The trend is projected for the period covering the average date of earning for each of the experience periods to the average date of earning for the proposed effective period.

**ADJUSTMENTS TO LOSSES**

**Loss Development**

The losses for a given accident year may not have been fully determined at the evaluation date of this review. As such, the losses must be adjusted to an ultimate settlement basis. This is accomplished by analyzing historical patterns of incurred loss development and selecting loss development factors. Encompass Group data has been considered in the selection of the loss development factors. Losses used in the analysis include allocated loss adjustment expenses but exclude catastrophes in order to minimize distortions. Age-to-age factors are selected for each coverage using total limits losses and are then used to calculate loss development factors. Additional analysis of losses limited to \$100,000 per claim is performed to develop limited losses to ultimate for Bodily Injury coverage and Uninsured/Underinsured Motorist coverage. The selected loss development factors that have been used in this filing are shown in **Exhibits 7.1 through 7.8.**

**Excess Loss Load**

An excess loss load is included to spread the effect of large, fortuitous losses. Total ultimate losses for Bodily Injury coverage and Uninsured/Underinsured Motorist coverage are estimated by multiplying losses capped at \$100,000 per claim by a limited loss development factor and then by an excess loss factor. Encompass Group data has been considered in the selection of the loss development factors. The excess loss factor is the selected ratio of ultimate unlimited losses to ultimate limited losses. The selected excess loss factors used in this filing are shown in **Exhibit 8.**

**Loss Trend**

The historical losses from the experience period must be adjusted to account for any difference in historical and future cost levels. While loss development factors adjust losses and allocated loss adjustment expenses to an ultimate settlement basis, they do not reflect the prospective rate of change in the occurrence of accidents (frequency) or in the cost of accidents (severity). To properly adjust historical costs to future cost levels, a loss trend adjustment must be applied.

For each coverage, the annual selections are used to project the data from the average occurrence date of the experience period to the average occurrence date of the future policy period. The trend selections and an illustrated calculation of the trend factors for both frequency and severity, accompanied by the data in graphical format, are displayed in **Exhibits 9.1 through 9.4.**

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**CATASTROPHE ADJUSTMENTS**

In order to more appropriately account for catastrophes with Comprehensive coverage, all actual catastrophe losses during the experience period were removed in developing the Non-Cat Ratemaking Loss Ratio. A Catastrophe Ratemaking Loss Ratio, derived from a catastrophe loss provision based upon 20 years of data in Arkansas, is added to the Credibility Weighted Non-Cat Ratemaking Loss Ratio to arrive at the Total Ratemaking Loss Ratio, as shown in **Exhibit 2A**. This catastrophe loss provision was calculated by dividing total catastrophe losses by total Comprehensive coverage incurred losses excluding catastrophes over the 20-year period. As developed in **Exhibit 10**, the resulting catastrophe provision is 12.4%.



**EXPENSES & PROFITS**

**Exhibit 11** shows the expense provisions used in developing the current fixed and variable expense provisions.

**General Expense, Other Acquisition Expense, and Unallocated Loss Adjustment Expense**

The provisions for general expense, other acquisition expense, and unallocated loss adjustment expense are based on total private passenger auto countrywide data, excluding Hagerty Agency and involuntary business. Since the methods and procedures that incur these expenses are uniform within each state, it is a reasonable assumption that these expense provisions are uniform across all states. To develop the provisions for general expense and other acquisition expense, a three-year average of countrywide calendar year incurred expense divided by countrywide calendar year direct earned premium was calculated. Similarly, the provision for unallocated loss adjustment expense was based on a three-year average of countrywide calendar year incurred expenses divided by countrywide calendar year incurred loss. Note that the provision for Other Acquisition Expense includes marketing expense, MVR ordering costs, and special funds and assessments, and has been reduced by the amount of installment fees collected. In addition, the provision has been adjusted for premiums written off and payment fees (a contra-expense).

**Commission and Brokerage Expense**

The proposed commission and brokerage expense provision has been developed from the actual calendar year 2007 commission and brokerage incurred expense ratio in Arkansas. The provision is shown in **Exhibit 12 Pages 2 and 3**.

**Taxes, Licenses & Fees**

The provision for taxes reflects the actual state premium tax and, where applicable, other premium-related taxes such as Fire Marshall taxes and Municipal taxes. These provisions are shown in **Exhibit 12 Pages 2 and 3**.

**Underwriting Profit/Operating Profit**

Prior to July, 2008, Encompass relied solely on the Fama-French Three-factor (FF3F) Model to estimate its cost of equity. The methodology underlying this calculation of the cost of equity reflects developments in the field of financial economics as published in the Casualty Actuarial Society Forum, Winter, 2004 and in Journal of Risk and Insurance, Vol. 72, No. 3, September 2005 ("Estimating the Cost of Equity Capital For Property-Liability Insurers" by J. David Cummins and Richard D. Phillips).

In July, 2008, Encompass incorporated the use of a second methodology – a Discounted Cash Flow (DCF) analysis – into the estimation of its cost of equity. A DCF analysis estimates the expected future cash flows to investors in order to gauge the proper cost of equity. Once both the DCF and FF3F estimates had been calculated, Encompass selected a cost of equity of 10.00%, which reflected the outcomes of both analyses.

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In addition, previously both the cost of equity and the cost of debt were used to develop the underwriting profit provision. With this filing, we will be developing the underwriting profit provision using only the cost of equity. Since the cost of debt represents expected, quantifiable future payments to be made to bondholders, confusion can result from including it in the derivation of the underwriting profit provision. Therefore, the cost of debt has been removed from the development of the underwriting profit provision and incorporated as a separate provision. Note that the resulting rate level is unaffected by this change; it is simply a matter of clarity of presentation.

An analysis of premium, loss and expense cash flows is used to calculate the investment income on policyholder supplied funds (PHSF). This methodology is one of the two examples given in Actuarial Standards of Practice, No. 30 as appropriate methods for recognizing investment income from insurance operations (page 4).

The calculations detailing this investment income analysis are found in **Exhibit 12 Pages 2 and 3** for liability and physical damage coverages, respectively. The rate (applied as a force of interest) used to discount losses and expenses includes anticipated net investment income and anticipated capital gains, both realized and unrealized. Operating cash flows are discounted to the average time of earnings of premium and profit for the policy year, rather than to the start of the policy year.

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Exhibit 1

**Summary of Changes**

<u>Coverage</u>	<u>03/07-03/08 Adjusted EP</u>		<u>Rate Level Change</u>	
	<u>\$000s</u>	<u>%</u>	<u>Indicated</u>	<u>Filed</u>
Bodily Injury				22.0%
Property Damage				22.0%
Medical Payments				22.0%
Liability Subtotal	739	44.4%	35.8%	22.0%
Uninsured/Underinsured Motc	176	10.6%	-5.7%	0.0%
Comprehensive	252	15.2%	-15.1%	0.0%
Collision	496	29.8%	-10.8%	0.0%
Physical Damage Subtotal	748	45.0%	-12.3%	0.0%
<b>TOTAL AUTOMOBILE</b>	<b>1,663</b>	<b>100.0%</b>	<b>9.8%</b>	<b>9.8%</b>

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Development of Rate Level Indication

Coverage	(1) Experience Period	(2) (Exhibit 3) Adjusted Earned Premium (\$'000s)	(3) (Exhibit 4) Non-Cat Adjusted Incurred Loss + LAE (\$'000s)	(4) (p)(2) Non-Cat Adjusted Loss Ratio	(5) Formula Weights	(6) Non-Cat Rate-making Loss Ratio	(7) Claim Count	(8) Full Credibility Standard	(9) (7)(e) A.S.	(10) (Exhibit 2c) Non-Cat Adjusted Prior Permissible Loss Ratio	(11) [(9)/(8)]+ [(10)/(1-(9))] Credibility Weighted Non-Cat Rate-making Loss Ratio	(12) (Exhibit 10) Catastrophe Load	(13) [(17)-(15)-(16)]+ [(1)-(12)] Catastrophe Rate-making Loss Ratio	(14) (11)+(13) Total Rate-making Loss Ratio	(15) (Exhibit 12) Adjusted Fixed Expense Ratio*	(16) (Exhibit 12) Adjusted Residual Market Load*	(17) (Exhibit 12) Permissible Loss + LAE Ratio	(18) [(19)+(16)]+ [(16)/(17)]-1 Rate Level Indication
LIABILITY	03/03-03/04	2,570	1,573	61.2%	0.20													
	03/04-03/05	1,767	2,828	160.1%	0.20													
	03/05-03/06	1,332	1,485	111.5%	0.20													
	03/06-03/07	1,043	738	70.6%	0.20													
	03/07-03/08	739	540	73.0%	0.20													
					Overall	95.3%	998	1,727	78.0%	62.9%	87.6%	1.000	0.0%	87.6%	10.6%	0.0%	72.4%	35.8%
UM/RUM	03/03-03/04	573	753	131.4%	0.20													
	03/04-03/05	433	205	47.4%	0.20													
	03/05-03/06	333	40	12.0%	0.20													
	03/06-03/07	256	68	26.4%	0.20													
	03/07-03/08	176	149	84.8%	0.20													
					Overall	60.4%	60	1,510	19.9%	57.9%	58.4%	1.000	0.0%	58.4%	9.9%	0.0%	72.4%	-5.7%
COMP	03/03-03/04	873	569	65.2%	0.20													
	03/04-03/05	582	234	39.6%	0.20													
	03/05-03/06	469	167	36.5%	0.20													
	03/06-03/07	357	155	43.3%	0.20													
	03/07-03/08	252	75	29.9%	0.20													
					Overall	42.9%	1,507	1,690	94.4%	44.8%	43.0%	1.124	6.7%	49.7%	9.7%	0.0%	70.0%	-15.1%
COLL	03/03-03/04	1,746	888	50.9%	0.20													
	03/04-03/05	1,167	651	55.8%	0.20													
	03/05-03/06	912	471	51.6%	0.20													
	03/06-03/07	702	373	53.1%	0.20													
	03/07-03/08	486	260	52.5%	0.20													
					Overall	52.8%	662	904	85.6%	54.1%	53.0%	1.000	0.0%	53.0%	9.4%	0.0%	70.0%	-10.8%
TOTAL AUTO	03/03-03/04	5,762	3,783	65.7%														
	03/04-03/05	3,959	3,920	99.0%														
	03/05-03/06	3,035	2,163	71.3%														
	03/06-03/07	2,357	1,333	56.6%														
	03/07-03/08	1,663	1,025	61.6%														
						71.0%					67.4%		1.0%	68.4%			71.3%	9.8%

\* Fixed expense ratios and residual market loads are adjusted for expense trend, premium trend and current rate level.

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Development of Rate Level Indication Supplement I

**NET TREND DEVELOPMENT**

	(1) Most Recent Non-Zero PRE-SRM Effective Date	(2) Historical Trend Start Date <sup>1</sup>	(3) Historical Trend End Date <sup>2</sup>	(4) Historical Trend Period (See Note 5)	(5) Prospective Trend Start Date <sup>2</sup>	(6) Prospective Trend End Date <sup>3</sup>	(7) Prospective Trend Period (See Note 5)	(8) Historical Frequency Annual Trend	(9) Historical Severity Annual Trend	(10) Developed Limited Ex-Cat Inc Losses + ALAE (\$000s) <sup>4</sup>	(11) Historical Annual Loss Trend (See Note 5)	(12) Historical Annual Premium Trend	(13) Historical Net Trend (See Note 5)	(14) Prospective Frequency Annual Trend	(15) Prospective Severity Annual Trend	(16) Developed Limited Ex-Cat Inc Losses + ALAE (\$000s) <sup>4</sup>	(17) Prospective Annual Loss Trend (See Note 5)	(18) Prospective Annual Premium Trend	(19) Prospective Net Trend (See Note 5)	(20) Prospective Net Trend (See Note 5)
Coverage																				
ALL	11-23-2006	11-23-2007	11-23-2007	0.00	11-23-2007	01-22-2010	2.17													
Coverage																				
BI	-4.0%	3.0%	217	-1.1%				-2.0%	3.0%	217	-2.0%			-2.0%	3.0%	217	0.9%			
PD	-1.0%	2.0%	178	1.0%				0.0%	2.0%	178	0.0%			0.0%	2.0%	178	2.0%			
Med Pay	-4.0%	3.0%	0	-1.1%				-2.0%	3.0%	0	-2.0%			-2.0%	3.0%	0	0.9%			
LIABILITY																				
UM/UIM **	-4.0%	3.0%	394	-0.2%	-4.0%	0.0%		-2.0%	3.0%	394	-2.0%			-2.0%	3.0%	394	1.4%	-4.0%	12.6%	12.6%
PIP	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%		0.0%			0.0%	0.0%		0.0%	0.0%	0.0%	0.0%
COMP	0.0%	0.0%		0.0%	3.0%	0.0%		0.0%	0.0%		0.0%			0.0%	0.0%		0.0%	0.0%	0.0%	0.0%
COLL	-1.0%	2.0%		1.0%	2.0%	0.0%		0.0%	2.0%		1.0%			0.0%	2.0%		2.0%	0.0%	4.4%	4.4%

\*\* BI frequency and severity trends are used for UM/UIM.

<sup>1</sup> The Historical Trend Start Date is the average experience date (one year beyond the effective date) for the most recent non-zero effective date for our PRE-SRM program.

<sup>2</sup> The Historical Trend End Date equals the Prospective Trend Start Date and is equal to the average accident date in our most recent annual experience period.

<sup>3</sup> The Prospective Trend End Date is equal to the average prospective experience date (one year beyond the proposed effective date).

<sup>4</sup> Developed limited ex-cat incurred losses + alae are applied to the BI, PD and Med Pay annual trend numbers to obtain a weighted average Liability trend number.

<sup>5</sup> Field Derivations

(4)	Historical Trend Period	[(3)-(2)]/365
(7)	Prospective Trend Period	[(6)-(5)]/365
(11)	Historical Annual Loss Trend	[1+(8)]*[1+(9)]-1
(13)	Historical Net Trend	[(1+(11))]/[(1+(12))]/^(4)-1
(17)	Prospective Annual Loss Trend	[1+(14)]*[1+(15)]-1
(19)	Prospective Net Trend	[(1+(17))]/[(1+(18))]/^(7)-1
(20)	Net Trend	[1+(13)]*[1+(19)]-1

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Exhibit 2C

Development of Rate Level Indication Supplement II

<u>NON-CATASTROPHE ADJUSTED PRIOR PERMISSIBLE LOSS RATIO DEVELOPMENT</u>					
	(1)	(2)	(3)	(4)	(5)
		(Exhibit 2A)	(Exhibit 2A)	(Exhibit 2A)	(Exhibit 2B)
					[(1)-(2)-(3)-(4)]
					*[1+(5)]
Coverage	Prior Permissible Loss Ratio	Adjusted Fixed Expense Ratio*	Adjusted Residual Market Load*	Catastrophe Ratemaking Loss Ratio	Non-Cat Adjusted Prior Permissible Loss Ratio
LIABILITY	66.6%	10.8%	0.0%	0.0%	12.6%
UM/UIM	66.6%	9.9%	0.0%	0.0%	2.0%
COMP	61.2%	9.7%	0.0%	6.7%	0.0%
COLL	61.2%	9.4%	0.0%	0.0%	4.4%
					54.1%

\* Fixed expense ratios and residual market loads are adjusted for expense trend, premium trend and current rate level.

## ENCOMPASS INSURANCE

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## Development of Adjusted Earned Premium

Coverage	Experience Period	Actual PRE-SRM Premium (\$000s)	PRE-SRM Earned Premium Rate Level Factor	Current PRE-SRM Rate Level Factor	Earned Premium @ CRL (\$000s)	Premium Trend Factor	Other Premium Adjustment (\$000s)	Adjusted Earned Premium (\$000s)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
LIABILITY	03/03-03/04	2,462	1.350	3,324	0.773	1,000	1,000	2,570
	03/04-03/05	1,860	1.179	2,194	0.805	1,000	1,000	1,767
	03/05-03/06	1,356	1.170	1,587	0.839	1,000	1,000	1,332
	03/06-03/07	1,031	1.158	1,193	0.874	1,000	1,000	1,043
	03/07-03/08	787	1.031	812	0.910	1,000	1,000	739
UM/UIM	03/03-03/04	401	1.430	573	1.000	1,000	1,000	573
	03/04-03/05	389	1.115	433	1.000	1,000	1,000	433
	03/05-03/06	300	1.110	333	1.000	1,000	1,000	333
	03/06-03/07	232	1.102	256	1.000	1,000	1,000	256
	03/07-03/08	172	1.021	176	1.000	1,000	1,000	176
COMP	03/03-03/04	875	0.886	775	1.126	1,000	1,000	873
	03/04-03/05	635	0.853	542	1.093	1,000	1,000	592
	03/05-03/06	508	0.851	433	1.061	1,000	1,000	459
	03/06-03/07	403	0.859	347	1.030	1,000	1,000	357
	03/07-03/08	261	0.965	252	1.000	1,000	1,000	252
COLL	03/03-03/04	1,541	1.047	1,613	1.082	1,000	1,000	1,746
	03/04-03/05	1,131	0.972	1,100	1.061	1,000	1,000	1,167
	03/05-03/06	903	0.970	876	1.040	1,000	1,000	912
	03/06-03/07	708	0.972	688	1.020	1,000	1,000	702
	03/07-03/08	499	0.994	496	1.000	1,000	1,000	496

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Exhibit 4

**Development of Adjusted Non-Catastrophe Incurred Losses + LAE**

	(1)	(2) (Exhibit 7)	(3) (Exhibit 7)	(4) (Exhibit 8)	(5) (Exhibit 9)	(6)	(7) (Exhibit 11)	(8) [(2)*(3)*(4)*(5)* (6)*(7)] Non-Catastrophe Adjusted Inc Losses + LAE (\$000s)
<u>Coverage</u>	<u>Experience Period</u>	Limited Ex-Cat Inc Losses + ALAE (\$000s)	Losses Dev Factor (Limited)	Excess Loss Factor	Loss Trend Factor	Other Loss Adjustment	ULAE Load	
BI	03/03-03/04	671	0.995	1.300	0.977	1.000	1.139	965
	03/04-03/05	1,637	1.001	1.300	0.989	1.000	1.139	2,401
	03/05-03/06	759	0.997	1.300	1.000	1.000	1.139	1,120
	03/06-03/07	291	1.079	1.300	1.009	1.000	1.139	469
	03/07-03/08	165	1.312	1.300	1.022	1.000	1.139	328
PD	03/03-03/04	485	1.000	1.000	1.089	1.000	1.139	602
	03/04-03/05	343	1.000	1.000	1.078	1.000	1.139	422
	03/05-03/06	295	1.002	1.000	1.067	1.000	1.139	359
	03/06-03/07	215	1.007	1.000	1.057	1.000	1.139	261
	03/07-03/08	171	1.041	1.000	1.047	1.000	1.139	212
Med Pay	03/03-03/04	6	1.001	1.000	0.977	1.000	1.139	6
	03/04-03/05	5	1.000	1.000	0.989	1.000	1.139	6
	03/05-03/06	5	0.998	1.000	1.000	1.000	1.139	6
	03/06-03/07	8	0.986	1.000	1.009	1.000	1.139	9
	03/07-03/08	0	0.942	1.000	1.022	1.000	1.139	0
LIABILITY	03/03-03/04	1,162						1,573
	03/04-03/05	1,986						2,828
	03/05-03/06	1,059						1,485
	03/06-03/07	514						738
	03/07-03/08	336						540
UM/UIM	03/03-03/04	502	1.037	1.300	0.977	1.000	1.139	753
	03/04-03/05	131	1.067	1.300	0.989	1.000	1.139	205
	03/05-03/06	24	1.151	1.300	1.000	1.000	1.139	40
	03/06-03/07	34	1.327	1.300	1.009	1.000	1.139	68
	03/07-03/08	55	1.779	1.300	1.022	1.000	1.139	149
COMP	03/03-03/04	489	1.000	1.000	1.000	1.000	1.165	569
	03/04-03/05	201	1.000	1.000	1.000	1.000	1.165	234
	03/05-03/06	144	1.000	1.000	1.000	1.000	1.165	167
	03/06-03/07	133	1.001	1.000	1.000	1.000	1.165	155
	03/07-03/08	64	1.006	1.000	1.000	1.000	1.165	75
COLL	03/03-03/04	700	1.000	1.000	1.089	1.000	1.165	888
	03/04-03/05	519	1.000	1.000	1.078	1.000	1.165	651
	03/05-03/06	379	1.000	1.000	1.067	1.000	1.165	471
	03/06-03/07	303	1.000	1.000	1.057	1.000	1.165	373
	03/07-03/08	218	0.980	1.000	1.047	1.000	1.165	260



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Exhibit 5

**Development of Pre-SRM Current Rate Level Factors**

Rate Changes				
<u>Effective Date</u>	<u>Liability</u>	<u>UM/UIM</u>	<u>Comp</u>	<u>Collision</u>
04/01/02	18.90%	0.00%	5.40%	1.50%
06/01/03	9.80%	52.40%	1.40%	9.90%
08/15/03	11.30%	0.00%	4.00%	2.00%
11/23/06	17.00%	11.00%	-14.90%	-3.00%

Cumulative Rate Indices (1)				
<u>Effective Date</u>	<u>Liability</u>	<u>UM/UIM</u>	<u>Comp</u>	<u>Collision</u>
04/01/02	1.189	1.000	1.054	1.015
06/01/03	1.306	1.524	1.069	1.115
08/15/03	1.453	1.524	1.112	1.138
11/23/06	1.700	1.692	0.946	1.104

Average Rate Index (2)				
<u>Experience Period</u>	<u>Liability</u>	<u>UM/UIM</u>	<u>Comp</u>	<u>Collision</u>
03/03-03/04	1.259	1.183	1.068	1.055
03/04-03/05	1.441	1.517	1.108	1.135
03/05-03/06	1.453	1.524	1.112	1.138
03/06-03/07	1.469	1.535	1.101	1.136
03/07-03/08	1.649	1.657	0.980	1.111

Current Rate Level Factor (3)				
<u>Experience Period</u>	<u>Liability</u>	<u>UM/UIM</u>	<u>Comp</u>	<u>Collision</u>
03/03-03/04	1.350	1.430	0.886	1.047
03/04-03/05	1.179	1.115	0.853	0.972
03/05-03/06	1.170	1.110	0.851	0.970
03/06-03/07	1.158	1.102	0.859	0.972
03/07-03/08	1.031	1.021	0.965	0.994

- (1) Cumulative product of [ 1 + (Rate Change) ]  
(2) Average rate level in experience period using parallelogram method and (1).  
(3) (Latest cumulative rate index) / (2)

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Exhibit 6A

**Development of Premium Trend Factors**

Liability Annual Premium Trend Effect  
 Uninsured/Underinsured Motorists Annual Premium Trend Effect  
 Comprehensive Annual Premium Trend Effect  
 Collision Annual Premium Trend Effect

Selected Historical Premium Trend	Selected Prospective Premium Trend
-4.0%	-4.0%
0.0%	0.0%
3.0%	0.0%
2.0%	0.0%

**Liability**

Experience Period	Historical Trend Period (1)	Historical # Of Years (2)	Prospective Trend Period (3)	Prospective # Of Years (4)	Liability Premium Trend Factor
03/03-03/04	10/03-10/07	4.0	10/07-01/10	2.3	$(0.960)^{4.0} * (0.960)^{2.3} = 0.773$
03/04-03/05	10/04-10/07	3.0	10/07-01/10	2.3	$(0.960)^{3.0} * (0.960)^{2.3} = 0.805$
03/05-03/06	10/05-10/07	2.0	10/07-01/10	2.3	$(0.960)^{2.0} * (0.960)^{2.3} = 0.839$
03/06-03/07	10/06-10/07	1.0	10/07-01/10	2.3	$(0.960)^{1.0} * (0.960)^{2.3} = 0.874$
03/07-03/08	10/07-10/07	0.0	10/07-01/10	2.3	$(0.960)^{0.0} * (0.960)^{2.3} = 0.910$

**Uninsured/Underinsured Motorists**

Experience Period	Historical Trend Period (1)	Historical # Of Years (2)	Prospective Trend Period (3)	Prospective # Of Years (4)	Uninsured/Underinsured Motorists Premium Trend Factor
03/03-03/04	10/03-10/07	4.0	10/07-01/10	2.3	$(1.000)^{4.0} * (1.000)^{2.3} = 1.000$
03/04-03/05	10/04-10/07	3.0	10/07-01/10	2.3	$(1.000)^{3.0} * (1.000)^{2.3} = 1.000$
03/05-03/06	10/05-10/07	2.0	10/07-01/10	2.3	$(1.000)^{2.0} * (1.000)^{2.3} = 1.000$
03/06-03/07	10/06-10/07	1.0	10/07-01/10	2.3	$(1.000)^{1.0} * (1.000)^{2.3} = 1.000$
03/07-03/08	10/07-10/07	0.0	10/07-01/10	2.3	$(1.000)^{0.0} * (1.000)^{2.3} = 1.000$

**Comprehensive**

Experience Period	Historical Trend Period (1)	Historical # Of Years (2)	Prospective Trend Period (3)	Prospective # Of Years (4)	Comprehensive Premium Trend Factor
03/03-03/04	10/03-10/07	4.0	10/07-01/10	2.3	$(1.030)^{4.0} * (1.000)^{2.3} = 1.126$
03/04-03/05	10/04-10/07	3.0	10/07-01/10	2.3	$(1.030)^{3.0} * (1.000)^{2.3} = 1.093$
03/05-03/06	10/05-10/07	2.0	10/07-01/10	2.3	$(1.030)^{2.0} * (1.000)^{2.3} = 1.061$
03/06-03/07	10/06-10/07	1.0	10/07-01/10	2.3	$(1.030)^{1.0} * (1.000)^{2.3} = 1.030$
03/07-03/08	10/07-10/07	0.0	10/07-01/10	2.3	$(1.030)^{0.0} * (1.000)^{2.3} = 1.000$

**Collision**

Experience Period	Historical Trend Period (1)	Historical # Of Years (2)	Prospective Trend Period (3)	Prospective # Of Years (4)	Collision Premium Trend Factor
03/03-03/04	10/03-10/07	4.0	10/07-01/10	2.3	$(1.020)^{4.0} * (1.000)^{2.3} = 1.082$
03/04-03/05	10/04-10/07	3.0	10/07-01/10	2.3	$(1.020)^{3.0} * (1.000)^{2.3} = 1.061$
03/05-03/06	10/05-10/07	2.0	10/07-01/10	2.3	$(1.020)^{2.0} * (1.000)^{2.3} = 1.040$
03/06-03/07	10/06-10/07	1.0	10/07-01/10	2.3	$(1.020)^{1.0} * (1.000)^{2.3} = 1.020$
03/07-03/08	10/07-10/07	0.0	10/07-01/10	2.3	$(1.020)^{0.0} * (1.000)^{2.3} = 1.000$

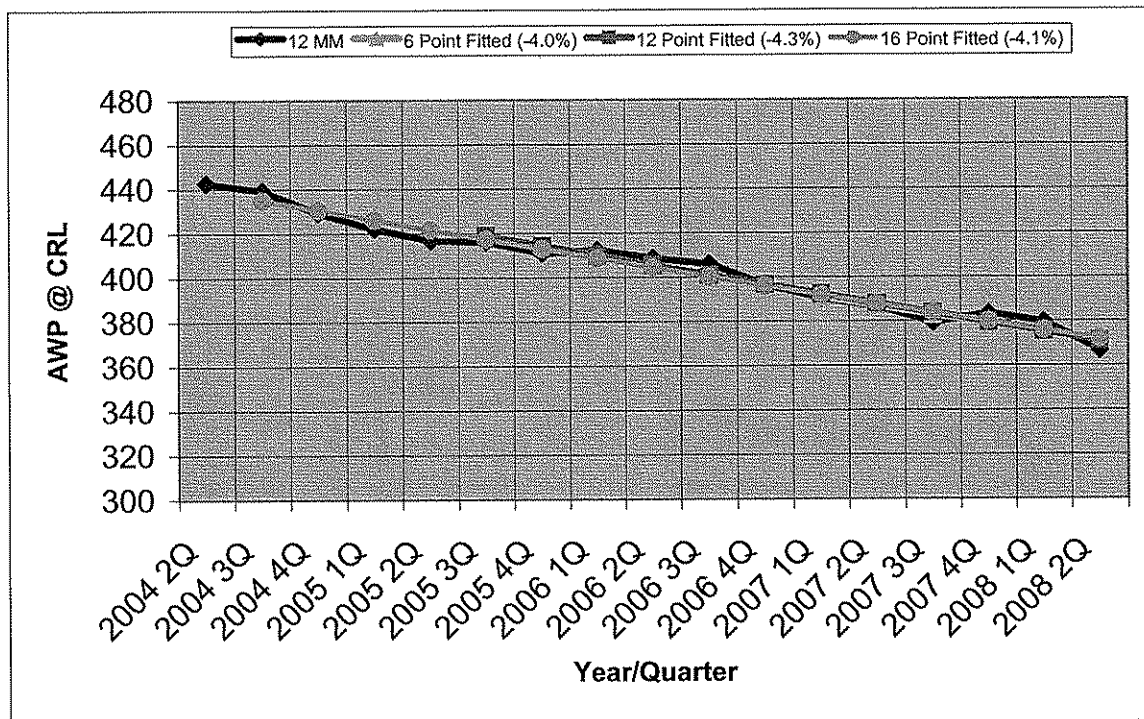
**ENCOMPASS INSURANCE GROUP**  
**ARKANSAS**  
**Private Passenger Automobile**

**Premium Trend - Liability**

Quarter	12 MM	6 Point Fitted	8 Point Fitted	12 Point Fitted	16 Point Fitted
2003 4Q					
2004 1Q					
2004 2Q	443				
2004 3Q	439				435
2004 4Q	429				430
2005 1Q	422				426
2005 2Q	417				422
2005 3Q	416			419	417
2005 4Q	411			414	413
2006 1Q	412			410	409
2006 2Q	409			405	404
2006 3Q	406		402	401	400
2006 4Q	396		398	397	396
2007 1Q	390	391	393	392	392
2007 2Q	387	387	388	388	388
2007 3Q	379	383	384	384	384
2007 4Q	383	379	379	380	380
2008 1Q	380	375	375	375	376
2008 2Q	367	371	370	371	372

6	8	12	16
-4.0%	-4.7%	-4.3%	-4.1%



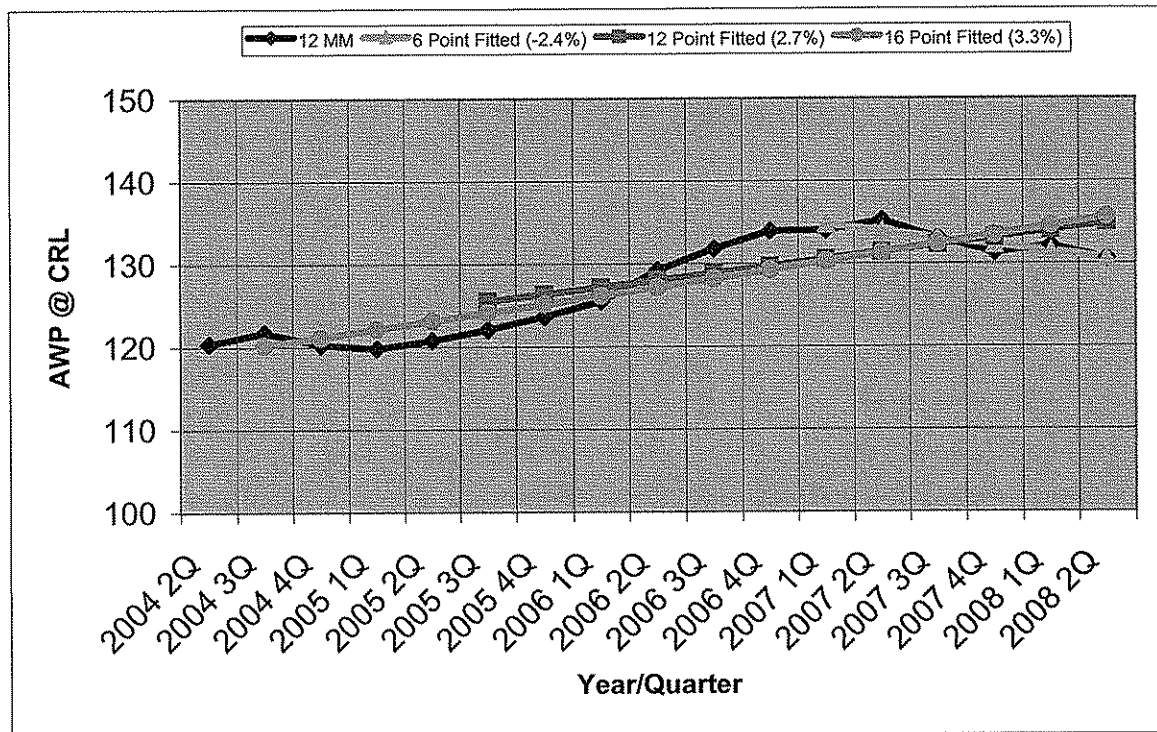
**ENCOMPASS INSURANCE GROUP  
ARKANSAS  
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**Premium Trend - Comprehensive**

Quarter	12 MM	6 Point Fitted	8 Point Fitted	12 Point Fitted	16 Point Fitted
2003 4Q					
2004 1Q					
2004 2Q	120				
2004 3Q	122				120
2004 4Q	120				121
2005 1Q	120				122
2005 2Q	121				123
2005 3Q	122			126	124
2005 4Q	124			126	125
2006 1Q	126			127	126
2006 2Q	129			128	127
2006 3Q	132		134	129	128
2006 4Q	134		134	130	129
2007 1Q	134	135	133	131	130
2007 2Q	135	134	133	131	131
2007 3Q	133	133	133	132	132
2007 4Q	131	132	132	133	133
2008 1Q	132	131	132	134	135
2008 2Q	131	131	132	135	136

	6	8	12	16
	-2.4%	-1.0%	2.7%	3.3%



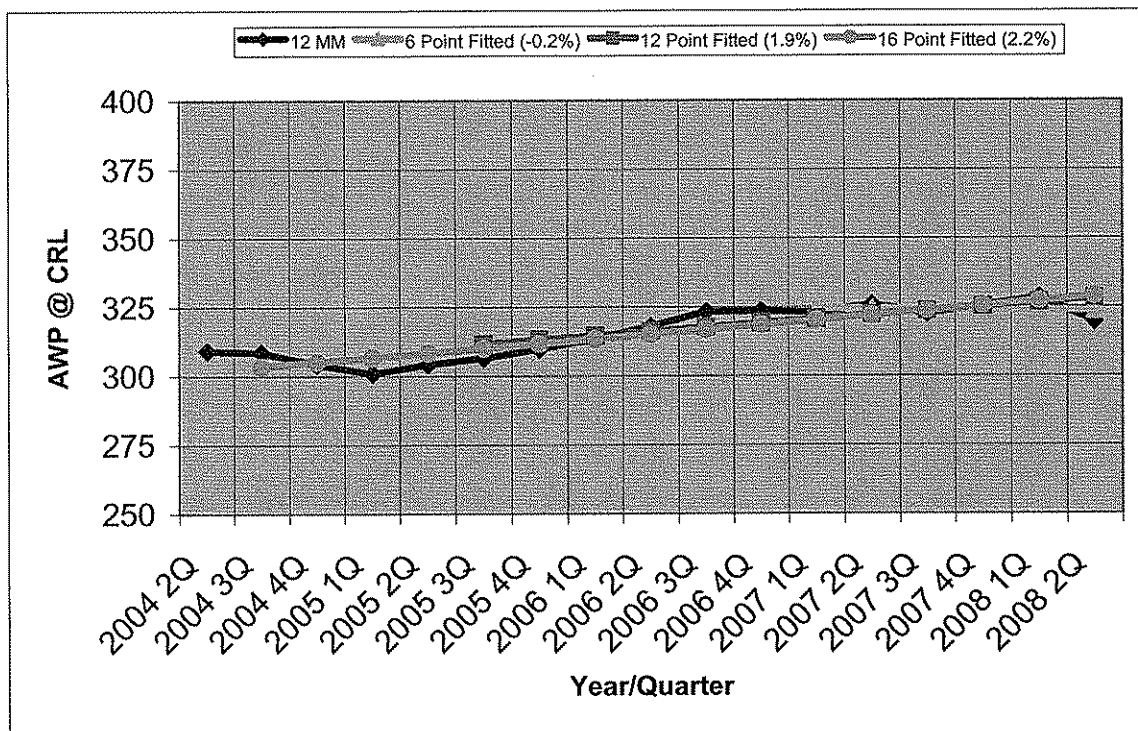
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**ARKANSAS**  
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**Premium Trend - Collision**

Quarter	12 MM	6 Point Fitted	8 Point Fitted	12 Point Fitted	16 Point Fitted
2003 4Q					
2004 1Q					
2004 2Q	309				
2004 3Q	308				303
2004 4Q	304				305
2005 1Q	301				307
2005 2Q	304				308
2005 3Q	307			312	310
2005 4Q	310			313	312
2006 1Q	314			315	313
2006 2Q	318			316	315
2006 3Q	323		324	318	317
2006 4Q	323		324	319	319
2007 1Q	323	325	324	321	320
2007 2Q	326	324	324	322	322
2007 3Q	323	324	324	324	324
2007 4Q	325	324	324	325	325
2008 1Q	328	324	324	327	327
2008 2Q	320	324	324	328	329

6	8	12	16
-0.2%	0.0%	1.9%	2.2%



ENCOMPASS INSURANCE  
Arkansas  
Private Passenger Automobile

Exhibit 7.1

Incurred Loss + ALAE Development Factors -Limited Bodily Injury

CUMULATIVE EXPERIENCE TRIANGLE

DEVELOPMENT PERIOD	2Q1998 1Q1999	2Q1999 1Q2000	2Q2000 1Q2001	2Q2001 1Q2002	2Q2002 1Q2003	2Q2003 1Q2004	2Q2004 1Q2005	2Q2005 1Q2006	2Q2006 1Q2007	2Q2007 1Q2008	1Q2008 2Q2008
6 MONTHS	349	474	739	560	333	258	900	341	203	278	197
15 MONTHS	683	1,167	1,706	1,584	710	625	1,310	787	463	585	
27 MONTHS	859	1,295	2,186	1,692	918	688	1,642	830	692		
39 MONTHS	823	1,477	2,205	1,812	1,038	682	1,717	1,003			
51 MONTHS	872	1,494	2,214	1,839	1,044	665	1,641				
63 MONTHS	869	1,512	2,204	1,868	1,044	671					
75 MONTHS	867	1,514	2,313	1,867	1,019						
87 MONTHS	826	1,499	2,313	1,870							
99 MONTHS	826	1,500	2,313								
111 MONTHS	826	1,500									
123 MONTHS	826										

AGE TO AGE FACTORS

DEVELOPMENT PERIOD	2Q1998 1Q1999	2Q1999 1Q2000	2Q2000 1Q2001	2Q2001 1Q2002	2Q2002 1Q2003	2Q2003 1Q2004	2Q2004 1Q2005	2Q2005 1Q2006	2Q2006 1Q2007	2Q2007 1Q2008	1Q2008 2Q2008
6 To 15	1.9571	2.4591	2.3074	2.8278	2.1316	2.4247	1.4559	2.3082	2.2793	2.1012	
15 To 27	1.2585	1.1101	1.2813	1.0680	1.2925	1.1012	1.2536	1.0540	1.4958		
27 To 39	0.9571	1.1402	1.0087	1.0713	1.1305	0.9916	1.0456	1.2095			
39 To 51	1.0597	1.0119	1.0043	1.0150	1.0065	0.9749	0.9558				
51 To 63	0.9973	1.0119	0.9954	1.0154	1.0000	1.0083					
63 To 75	0.9977	1.0015	1.0495	0.9997	0.9761						
75 To 87	0.9519	0.9901	1.0000	1.0014							
87 To 99	1.0000	1.0000	1.0000								
99 To 111	1.0000	1.0000									
111 To 123	1.0000										

MEAN AGE TO AGE FACTORS

DEVELOPMENT PERIOD	5 Year Mean Ex-HiLo	Selected	Factor To Ultimate
15 To 27	1.2158	1.2158	1.312
27 To 39	1.0825	1.0825	1.079
39 To 51	0.9953	0.9953	0.997
51 To 63	1.0067	1.0067	1.001
63 To 75	0.9997	0.9997	0.995
75 To 87	0.9951	0.9951	0.995
87 To 99	1.0000	1.0000	1.000
99 To 111	1.0000	1.0000	1.000
111 To 123	1.0000	1.0000	1.000

**ENCOMPASS INSURANCE**  
**Arkansas**  
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Exhibit 7.2

**Incurred Loss + ALAE Development Factors -Property Damage**

**CUMULATIVE EXPERIENCE TRIANGLE**

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 MONTHS	235	433	449	461	409	219	150	145	192	180	187
15 MONTHS	651	1,099	1,273	1,128	929	469	364	360	454	449	
27 MONTHS	715	1,140	1,350	1,181	986	475	366	387	467		
39 MONTHS	718	1,145	1,352	1,197	986	487	366	383			
51 MONTHS	717	1,142	1,354	1,225	990	487	366				
63 MONTHS	717	1,144	1,354	1,226	990	487					
75 MONTHS	717	1,144	1,354	1,226	990						
87 MONTHS	717	1,144	1,354	1,226							
99 MONTHS	717	1,144	1,354								
111 MONTHS	717	1,144									
123 MONTHS	717										

**AGE TO AGE FACTORS**

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 To 15	2.7777	2.5360	2.8374	2.4477	2.2729	2.1423	2.4171	2.4766	2.3640	2.4926	
15 To 27	1.0974	1.0371	1.0607	1.0473	1.0617	1.0115	1.0061	1.0751	1.0278		
27 To 39	1.0045	1.0050	1.0016	1.0137	1.0005	1.0250	1.0000	0.9921			
39 To 51	0.9984	0.9974	1.0011	1.0232	1.0036	1.0000	1.0007				
51 To 63	1.0000	1.0015	1.0000	1.0007	1.0000	1.0000					
63 To 75	1.0000	1.0000	1.0000	1.0000	1.0000						
75 To 87	1.0000	1.0000	1.0000	1.0000							
87 To 99	1.0000	1.0000	1.0000								
99 To 111	1.0000	1.0000									
111 To 123	1.0000										

**MEAN AGE TO AGE FACTORS**

DEVELOPMENT PERIOD	5 Year Mean		Factor To Ultimate
	Ex-HiLo	Selected	
15 To 27	1.0337	1.0337	1.041
27 To 39	1.0047	1.0047	1.007
39 To 51	1.0018	1.0018	1.002
51 To 63	1.0002	1.0002	1.000
63 To 75	1.0000	1.0000	1.000
75 To 87	1.0000	1.0000	1.000
87 To 99	1.0000	1.0000	1.000
99 To 111	1.0000	1.0000	1.000
111 To 123	1.0000	1.0000	1.000

**ENCOMPASS INSURANCE**  
**Arkansas**  
**Private Passenger Automobile**

Exhibit 7.3

**Incurred Loss + ALAE Development Factors -Medical Payments**

**CUMULATIVE EXPERIENCE TRIANGLE**

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 MONTHS	11	13	6	0	0	0	0	0	2	1	0
15 MONTHS	19	20	10	3	6	7	5	5	3	0	
27 MONTHS	24	16	11	3	16	6	5	5	8		
39 MONTHS	22	16	11	3	16	6	5	5			
51 MONTHS	23	16	11	3	16	6	5				
63 MONTHS	23	16	11	3	16	6					
75 MONTHS	23	16	11	3	16						
87 MONTHS	23	16	11	3							
99 MONTHS	23	16	11								
111 MONTHS	23	16									
123 MONTHS	23										

**AGE TO AGE FACTORS**

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 To 15	1.6848	1.4802	1.7077	1.0000	26.4181	20.1162	1.0000	1.0000	1.5731	0.0000	
15 To 27	1.2265	0.7954	1.0933	1.0000	2.6650	0.8536	0.9813	0.9872	2.9660		
27 To 39	0.9438	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000			
39 To 51	1.0156	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000				
51 To 63	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000					
63 To 75	1.0000	1.0000	1.0000	1.0000	1.0000						
75 To 87	1.0000	1.0000	1.0000	1.0000							
87 To 99	1.0000	1.0000	1.0000								
99 To 111	1.0000	1.0000									
111 To 123	1.0000										

**MEAN AGE TO AGE FACTORS**

DEVELOPMENT PERIOD	Country-wide		Factor To Ultimate
	Selected	Selected	
15 To 27	0.9554	0.9554	0.942
27 To 39	0.9875	0.9875	0.986
39 To 51	0.9983	0.9983	0.998
51 To 63	0.9994	0.9994	1.000
63 To 75	1.0006	1.0006	1.001
75 To 87	1.0000	1.0000	1.000
87 To 99	1.0000	1.0000	1.000
99 To 111	1.0000	1.0000	1.000
111 To 123	1.0000	1.0000	1.000



ENCOMPASS INSURANCE  
Arkansas  
Private Passenger Automobile

Exhibit 7.4

Incurred Loss + ALAE Development Factors -Limited Um + Uim

CUMULATIVE EXPERIENCE TRIANGLE

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 MONTHS	21	22	83	105	163	31	62	1	8	11	79
15 MONTHS	107	258	354	272	353	401	158	42	82	195	
27 MONTHS	89	293	495	255	462	482	132	27	105		
39 MONTHS	114	321	504	315	456	462	132	27			
51 MONTHS	114	323	483	301	548	499	132				
63 MONTHS	164	426	476	313	548	502					
75 MONTHS	164	361	469	313	548						
87 MONTHS	164	361	469	313							
99 MONTHS	164	361	469								
111 MONTHS	164	361									
123 MONTHS	164										

AGE TO AGE FACTORS

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 To 15	5.0369	11.7237	4.2613	2.5816	2.1630	12.9127	2.5514	46.2100	10.2211	17.7101	
15 To 27	0.8318	1.1364	1.3982	0.9388	1.3075	1.2008	0.8342	0.6433	1.2806		
27 To 39	1.2724	1.0934	1.0197	1.2349	0.9868	0.9585	0.9965	1.0000			
39 To 51	1.0003	1.0066	0.9577	0.9545	1.2029	1.0806	1.0000				
51 To 63	1.4403	1.3193	0.9858	1.0425	1.0000	1.0055					
63 To 75	1.0000	0.8479	0.9842	1.0000	1.0000						
75 To 87	1.0000	1.0000	1.0000	1.0000							
87 To 99	1.0000	1.0000	1.0000								
99 To 111	1.0000	1.0000									
111 To 123	1.0000										

MEAN AGE TO AGE FACTORS

DEVELOPMENT PERIOD	Country-wide		Factor To Ultimate
	Selected	Selected	
15 To 27	1.3408	1.3408	1.779
27 To 39	1.1532	1.1532	1.327
39 To 51	1.0783	1.0783	1.151
51 To 63	1.0292	1.0292	1.067
63 To 75	1.0133	1.0133	1.037
75 To 87	1.0059	1.0059	1.023
87 To 99	1.0066	1.0066	1.017
99 To 111	1.0073	1.0073	1.011
111 To 123	1.0033	1.0033	1.003

ENCOMPASS INSURANCE  
Arkansas  
Private Passenger Automobile

Exhibit 7.5

Incurred Loss + ALAE Development Factors -Comprehensive

CUMULATIVE EXPERIENCE TRIANGLE

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 MONTHS	85	278	259	398	327	306	104	76	102	123	148
15 MONTHS	328	762	1,022	946	645	489	220	202	269	299	
27 MONTHS	334	776	1,056	959	649	493	216	202	271		
39 MONTHS	334	776	1,057	959	652	493	216	203			
51 MONTHS	334	776	1,056	960	652	493	216				
63 MONTHS	334	777	1,056	960	652	493					
75 MONTHS	334	772	1,056	960	652						
87 MONTHS	334	772	1,056	960							
99 MONTHS	334	772	1,056								
111 MONTHS	334	772									
123 MONTHS	334										

AGE TO AGE FACTORS

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 To 15	3.8391	2.7451	3.9399	2.3762	1.9749	1.6022	2.1226	2.6634	2.6337	2.4340	
15 To 27	1.0183	1.0177	1.0331	1.0135	1.0058	1.0067	0.9820	1.0036	1.0078		
27 To 39	0.9987	1.0005	1.0008	0.9998	1.0051	1.0003	1.0009	1.0013			
39 To 51	1.0000	1.0001	0.9996	1.0008	1.0000	1.0000	1.0002				
51 To 63	1.0000	1.0001	0.9999	0.9999	1.0000	1.0000					
63 To 75	1.0000	0.9936	0.9998	1.0000	1.0000						
75 To 87	1.0000	1.0000	1.0000	1.0000							
87 To 99	1.0000	1.0000	1.0001								
99 To 111	1.0000	1.0000									
111 To 123	1.0000										

MEAN AGE TO AGE FACTORS

DEVELOPMENT PERIOD	5 Year Mean		Factor To Ultimate
	Ex-HiLo	Selected	
15 To 27	1.0054	1.0054	1.006
27 To 39	1.0008	1.0008	1.001
39 To 51	1.0001	1.0001	1.000
51 To 63	1.0000	1.0000	1.000
63 To 75	0.9999	0.9999	1.000
75 To 87	1.0000	1.0000	1.000
87 To 99	1.0000	1.0000	1.000
99 To 111	1.0000	1.0000	1.000
111 To 123	1.0000	1.0000	1.000

ENCOMPASS INSURANCE  
Arkansas  
Private Passenger Automobile

Exhibit 7.6

Incurred Loss + ALAE Development Factors -Collision

CUMULATIVE EXPERIENCE TRIANGLE

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 MONTHS	281	529	820	794	487	339	275	285	303	272	296
15 MONTHS	790	1,464	2,401	1,574	1,192	714	561	579	655	575	
27 MONTHS	774	1,465	2,394	1,545	1,101	706	555	562	644		
39 MONTHS	772	1,466	2,378	1,540	1,098	709	556	562			
51 MONTHS	772	1,457	2,349	1,540	1,099	709	556				
63 MONTHS	772	1,457	2,345	1,540	1,099	709					
75 MONTHS	772	1,457	2,345	1,540	1,099						
87 MONTHS	772	1,457	2,342	1,540							
99 MONTHS	772	1,457	2,342								
111 MONTHS	772	1,457									
123 MONTHS	772										

AGE TO AGE FACTORS

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 To 15	2.8132	2.7691	2.9283	1.9827	2.4470	2.1041	2.0386	2.0293	2.1596	2.1101	
15 To 27	0.9795	1.0006	0.9972	0.9814	0.9234	0.9884	0.9892	0.9701	0.9827		
27 To 39	0.9979	1.0007	0.9931	0.9970	0.9979	1.0036	1.0025	1.0000			
39 To 51	1.0003	0.9936	0.9877	1.0000	1.0002	1.0000	0.9997				
51 To 63	1.0000	1.0000	0.9986	1.0000	1.0000	1.0000					
63 To 75	1.0000	1.0000	1.0000	1.0000	1.0000						
75 To 87	1.0000	1.0000	0.9987	1.0000							
87 To 99	1.0000	1.0000	1.0000								
99 To 111	1.0000	1.0000									
111 To 123	1.0000										

MEAN AGE TO AGE FACTORS

DEVELOPMENT PERIOD	5 Year Mean		Factor To Ultimate
	Ex-HiLo	Selected	
15 To 27	0.9804	0.9804	0.980
27 To 39	1.0001	1.0001	1.000
39 To 51	0.9999	0.9999	1.000
51 To 63	1.0000	1.0000	1.000
63 To 75	1.0000	1.0000	1.000
75 To 87	1.0000	1.0000	1.000
87 To 99	1.0000	1.0000	1.000
99 To 111	1.0000	1.0000	1.000
111 To 123	1.0000	1.0000	1.000

ENCOMPASS INSURANCE  
Arkansas  
Private Passenger Automobile

Exhibit 7.7

Incurred Loss + ALAE Development Factors -Unlimited Bodily Injury

CUMULATIVE EXPERIENCE TRIANGLE

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 MONTHS	349	474	739	560	333	308	1,997	341	203	278	197
15 MONTHS	683	1,167	1,706	1,734	710	625	2,457	1,037	463	585	
27 MONTHS	859	1,295	2,186	1,842	918	688	2,592	1,880	717		
39 MONTHS	823	1,552	2,205	1,962	1,038	682	2,864	2,153			
51 MONTHS	872	1,569	2,214	1,989	1,044	665	2,784				
63 MONTHS	869	1,587	2,204	2,018	1,044	671					
75 MONTHS	867	1,589	2,313	2,017	1,019						
87 MONTHS	826	1,574	2,313	2,020							
99 MONTHS	826	1,575	2,313								
111 MONTHS	826	1,575									
123 MONTHS	826										

AGE TO AGE FACTORS

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 To 15	1.9571	2.4591	2.3074	3.0956	2.1316	2.0307	1.2305	3.0414	2.2793	2.1012	
15 To 27	1.2585	1.1101	1.2813	1.0621	1.2925	1.1012	1.0551	1.8124	1.5499		
27 To 39	0.9571	1.1981	1.0087	1.0655	1.1305	0.9916	1.1047	1.1457			
39 To 51	1.0597	1.0113	1.0043	1.0139	1.0065	0.9749	0.9722				
51 To 63	0.9973	1.0113	0.9954	1.0142	1.0000	1.0083					
63 To 75	0.9977	1.0015	1.0495	0.9997	0.9761						
75 To 87	0.9519	0.9906	1.0000	1.0013							
87 To 99	1.0000	1.0000	1.0000								
99 To 111	1.0000	1.0000									
111 To 123	1.0000										

MEAN AGE TO AGE FACTORS

DEVELOPMENT PERIOD	5 Year Mean		Factor To Ultimate
	Ex-HiLo	Selected	
15 To 27	1.3145	1.3145	1.442
27 To 39	1.1003	1.1003	1.097
39 To 51	0.9953	0.9953	0.997
51 To 63	1.0066	1.0066	1.001
63 To 75	0.9996	0.9996	0.995
75 To 87	0.9953	0.9953	0.995
87 To 99	1.0000	1.0000	1.000
99 To 111	1.0000	1.0000	1.000
111 To 123	1.0000	1.0000	1.000

ENCOMPASS INSURANCE  
Arkansas  
Private Passenger Automobile

Exhibit 7.8

Incurred Loss + ALAE Development Factors -Unlimited Um + Uim

CUMULATIVE EXPERIENCE TRIANGLE

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 MONTHS	21	22	83	105	163	31	62	1	8	11	79
15 MONTHS	107	258	354	272	353	401	158	42	82	195	
27 MONTHS	89	293	495	255	462	482	132	27	105		
39 MONTHS	114	321	504	315	456	462	132	27			
51 MONTHS	114	323	483	301	598	499	132				
63 MONTHS	164	426	476	313	598	502					
75 MONTHS	164	361	469	313	598						
87 MONTHS	164	361	469	313							
99 MONTHS	164	361	469								
111 MONTHS	164	361									
123 MONTHS	164										

AGE TO AGE FACTORS

DEVELOPMENT PERIOD	2Q1998	2Q1999	2Q2000	2Q2001	2Q2002	2Q2003	2Q2004	2Q2005	2Q2006	2Q2007	1Q2008
	1Q1999	1Q2000	1Q2001	1Q2002	1Q2003	1Q2004	1Q2005	1Q2006	1Q2007	1Q2008	2Q2008
6 To 15	5.0369	11.7237	4.2613	2.5816	2.1630	12.9127	2.5514	46.2100	10.2211	17.7101	
15 To 27	0.8318	1.1364	1.3982	0.9388	1.3075	1.2008	0.8342	0.6433	1.2806		
27 To 39	1.2724	1.0934	1.0197	1.2349	0.9868	0.9585	0.9965	1.0000			
39 To 51	1.0003	1.0066	0.9577	0.9545	1.3126	1.0806	1.0000				
51 To 63	1.4403	1.3193	0.9858	1.0425	1.0000	1.0055					
63 To 75	1.0000	0.8479	0.9842	1.0000	1.0000						
75 To 87	1.0000	1.0000	1.0000	1.0000							
87 To 99	1.0000	1.0000	1.0000								
99 To 111	1.0000	1.0000									
111 To 123	1.0000										

MEAN AGE TO AGE FACTORS

DEVELOPMENT PERIOD	Country- wide		Factor To Ultimate
	Selected	Selected	
15 To 27	1.4229	1.4229	1.978
27 To 39	1.1703	1.1703	1.390
39 To 51	1.0879	1.0879	1.188
51 To 63	1.0396	1.0396	1.092
63 To 75	1.0214	1.0214	1.050
75 To 87	1.0094	1.0094	1.028
87 To 99	1.0076	1.0076	1.019
99 To 111	1.0088	1.0088	1.011
111 To 123	1.0021	1.0021	1.002

**ENCOMPASS INSURANCE**  
**Arkansas**  
**Private Passenger Automobile**

**Excess Loss Factor**

**Countrywide**  
**BODILY INJURY**

<u>Experience</u> <u>Period</u>	<u>Ultimate</u>	<u>Ultimate</u>	<u>Total /</u> <u>Limited</u>
	<u>Total Ex-</u>	<u>Limited Ex-</u>	
	<u>Cat</u>	<u>Cat</u>	
	<u>Losses +</u>	<u>Losses +</u>	
	<u>ALAE</u>	<u>ALAE</u>	
03/98-03/99	225,594	188,407	1.20
03/99-03/00	290,490	240,504	1.21
03/00-03/01	280,635	228,606	1.23
03/01-03/02	251,722	205,366	1.23
03/02-03/03	237,142	194,109	1.22
03/03-03/04	215,774	172,839	1.25
03/04-03/05	192,172	150,249	1.28
03/05-03/06	217,598	159,593	1.36
03/06-03/07	190,609	143,511	1.33
03/07-03/08	184,945	146,047	1.27
Weighted Average			1.25
Straight Average			1.26
<b>Selected</b>			<b>1.30</b>

**UM/UIM**

<u>Experience</u> <u>Period</u>	<u>Ultimate</u>	<u>Ultimate</u>	<u>Total /</u> <u>Limited</u>
	<u>Total Ex-</u>	<u>Limited Ex-</u>	
	<u>Cat</u>	<u>Cat</u>	
	<u>Losses +</u>	<u>Losses +</u>	
	<u>ALAE</u>	<u>ALAE</u>	
03/98-03/99	61,294	45,165	1.36
03/99-03/00	68,601	58,905	1.16
03/00-03/01	71,516	58,795	1.22
03/01-03/02	70,654	54,829	1.29
03/02-03/03	62,524	47,792	1.31
03/03-03/04	54,423	41,581	1.31
03/04-03/05	49,483	39,305	1.26
03/05-03/06	53,095	41,685	1.27
03/06-03/07	58,016	43,315	1.34
03/07-03/08	62,438	47,293	1.32
Weighted Average			1.28
Straight Average			1.28
<b>Selected</b>			<b>1.30</b>

ENCOMPASS INSURANCE  
Arkansas  
Private Passenger Automobile

Exhibit 9.1

Loss Trend Factors - Bodily Injury

4 Quarters Ending	ARISING FREQUENCY		ANNUAL CHANGE		PAID SEVERITY (Closed with pay)		ANNUAL CHANGE	
	Encompass	Fast Track	Encompass	Fast Track	Encompass	Fast Track	Encompass	Fast Track
4Q_2003		0.01440				7,985		
1Q_2004		0.01460				8,083		
2Q_2004		0.01460				8,168		
3Q_2004		0.01420				8,052		
4Q_2004		0.01420		-1.4%		8,311		4.1%
1Q_2005		0.01410		-3.4%		8,386		3.7%
2Q_2005		0.01400		-4.1%		8,493		4.0%
3Q_2005		0.01380		-2.8%		8,686		7.9%
4Q_2005		0.01340		-5.6%		8,801		5.9%
1Q_2006		0.01310		-7.1%		9,078		8.3%
2Q_2006		0.01270		-9.3%		9,272		9.2%
3Q_2006		0.01250		-9.4%		9,135		5.2%
4Q_2006		0.01270		-5.2%		9,203		4.6%
1Q_2007		0.01250		-4.6%		8,927		-1.7%
2Q_2007		0.01240		-2.4%		8,684		-6.3%
3Q_2007		0.01250		0.0%		8,797		-3.7%
4Q_2007		0.01240		-2.4%		8,761		-4.8%
1Q_2008		0.01230		-1.6%		9,164		2.7%
2Q_2008								

Fitted Line 1 12pt Exp Trend  
Fitted Line 2 6pt Exp Trend

2.1% -4.3%  
-11.6% -2.0%

12pt Exp Trend  
6pt Exp Trend

10.4% 0.8%  
13.5% -0.7%

SELECTED HISTORICAL ANNUAL TREND

-4.0%

3.0%

SELECTED PROSPECTIVE ANNUAL TREND

-2.0%

3.0%

Experience Period	Historical Trend Period (1)	Historical # Of Years (2)	Prospective Trend Period (3)	Prospective # Of Years (4)	Frequency Trend Factor (5)	Severity Trend Factor (6)
03/03-03/04	10/03-10/07	4.0	10/07-01/10	2.3	$(0.980)^{4.0} * (0.980)^{2.3} = 0.811$	$(1.030)^{4.0} * (1.030)^{2.3} = 1.205$
03/04-03/05	10/04-10/07	3.0	10/07-01/10	2.3	$(0.960)^{3.0} * (0.980)^{2.3} = 0.845$	$(1.030)^{3.0} * (1.030)^{2.3} = 1.170$
03/05-03/06	10/05-10/07	2.0	10/07-01/10	2.3	$(0.960)^{2.0} * (0.980)^{2.3} = 0.880$	$(1.030)^{2.0} * (1.030)^{2.3} = 1.136$
03/06-03/07	10/06-10/07	1.0	10/07-01/10	2.3	$(0.960)^{1.0} * (0.980)^{2.3} = 0.916$	$(1.030)^{1.0} * (1.030)^{2.3} = 1.102$
03/07-03/08	10/07-10/07	0.0	10/07-01/10	2.3	$(0.960)^{0.0} * (0.980)^{2.3} = 0.955$	$(1.030)^{0.0} * (1.030)^{2.3} = 1.070$

Experience Period	RLI Loss Trend Factor (7)
03/03-03/04	0.977
03/04-03/05	0.989
03/05-03/06	1.000
03/06-03/07	1.009
03/07-03/08	1.022

(1) Midpoint of experience period to midpoint of latest historical period.

(2) (1) # of years.

(3) Midpoint of latest historical period to 1 year beyond effective date of 1/22/09.

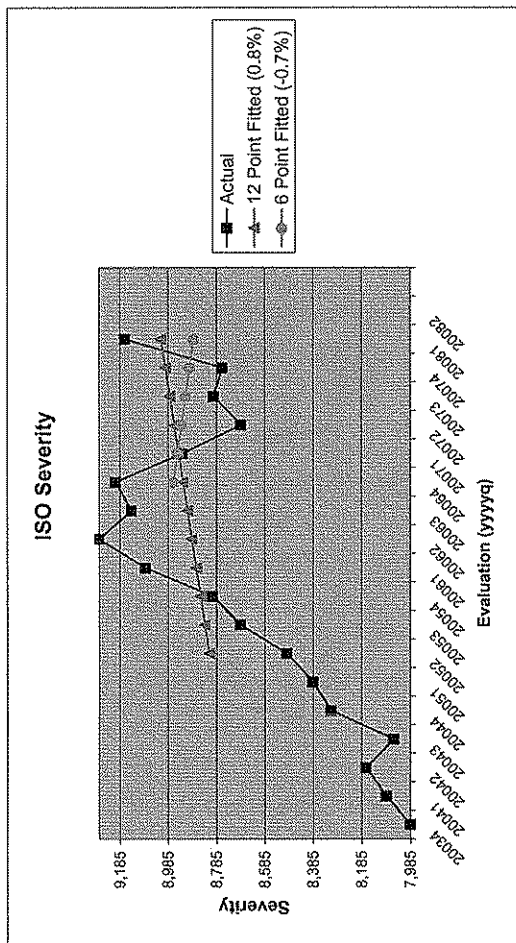
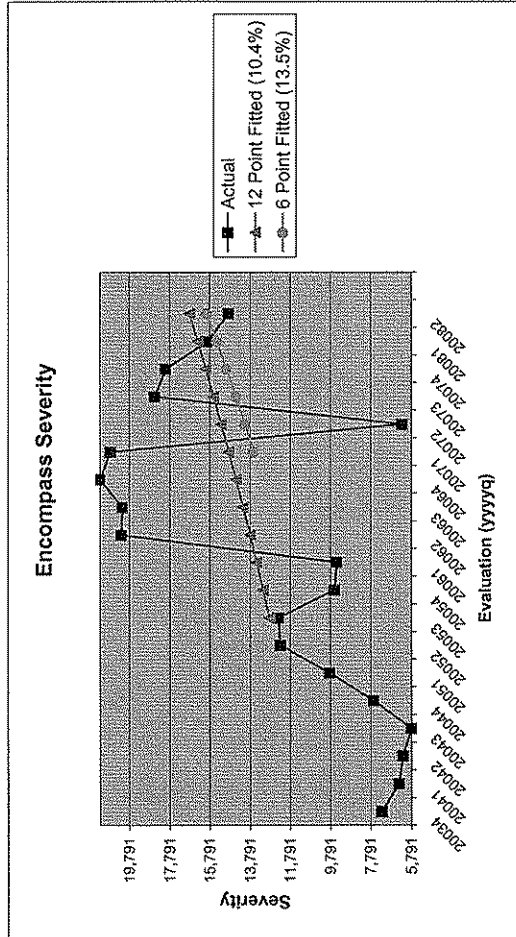
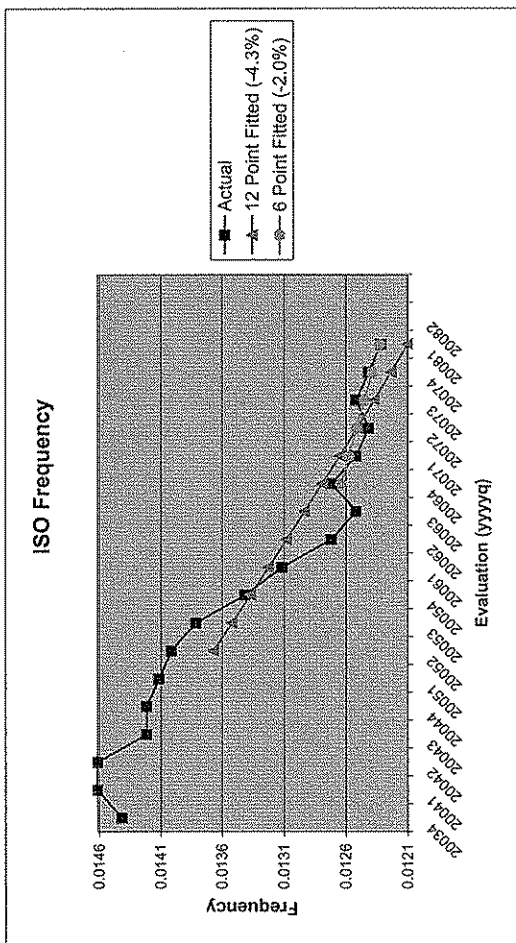
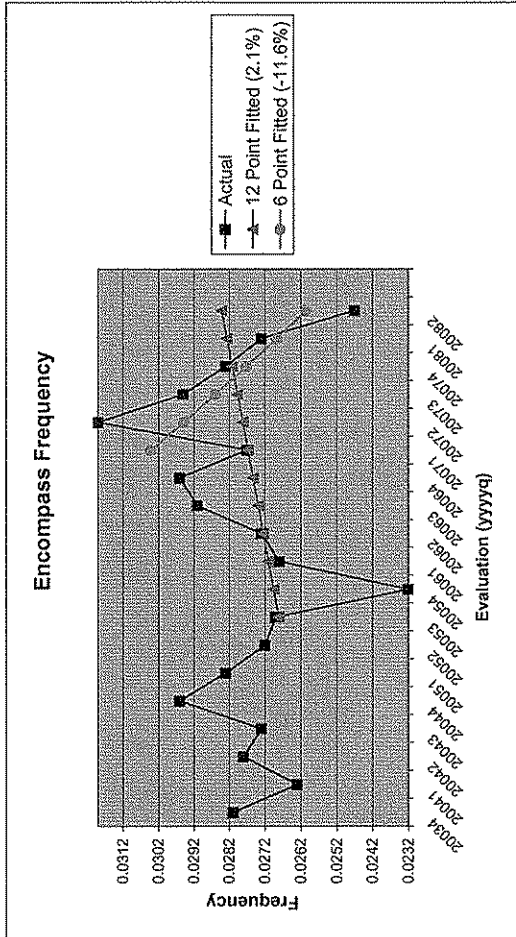
(4) (3) # of years.

(5)  $(1 + \text{Historical Trend})^{(2)} * (1 + \text{Prospective Trend})^{(4)}$

(6)  $(1 + \text{Historical Trend})^{(2)} * (1 + \text{Prospective Trend})^{(4)}$

(7) (5) \* (6)

AUTO LOSS TREND  
ARKANSAS  
BODILY INJURY





**ENCOMPASS INSURANCE**  
Arkansas  
Private Passenger Automobile

Exhibit 9.2

Loss Trend Factors - Property Damage

4 Quarters Ending	PAID FREQUENCY		ANNUAL CHANGE		PAID SEVERITY (Closed with pay)		ANNUAL CHANGE	
	Encompass	Fast Track	Encompass	Fast Track	Encompass	Fast Track	Encompass	Fast Track
4Q_2003		0.03360				2,560		
1Q_2004		0.03380				2,562		
2Q_2004		0.03370				2,581		
3Q_2004		0.03350				2,573		
4Q_2004		0.03350		-0.3%		2,564		0.2%
1Q_2005		0.03350		-0.9%		2,584		0.9%
2Q_2005		0.03370		0.0%		2,584		0.1%
3Q_2005		0.03370		0.6%		2,599		1.0%
4Q_2005		0.03330		-0.6%		2,634		2.7%
1Q_2006		0.03280		-2.1%		2,648		2.5%
2Q_2006		0.03220		-4.5%		2,680		3.7%
3Q_2006		0.03190		-5.3%		2,724		4.8%
4Q_2006		0.03210		-3.6%		2,719		3.2%
1Q_2007		0.03210		-2.1%		2,728		3.0%
2Q_2007		0.03220		0.0%		2,740		2.2%
3Q_2007		0.03220		0.9%		2,757		1.2%
4Q_2007		0.03210		0.0%		2,775		2.1%
1Q_2008		0.03170		-1.2%		2,799		2.6%
2Q_2008								

Fitted Line 1	12pt Exp Trend	1.5%	-2.0%	12pt Exp Trend	-3.6%	2.9%
Fitted Line 2	6pt Exp Trend	-10.9%	-0.7%	6pt Exp Trend	-5.5%	2.3%

SELECTED HISTORICAL ANNUAL TREND	10/07-01/10	-1.0%	10/07-01/10	2.0%
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SELECTED PROSPECTIVE ANNUAL TREND	10/07-01/10	0.0%	10/07-01/10	2.0%
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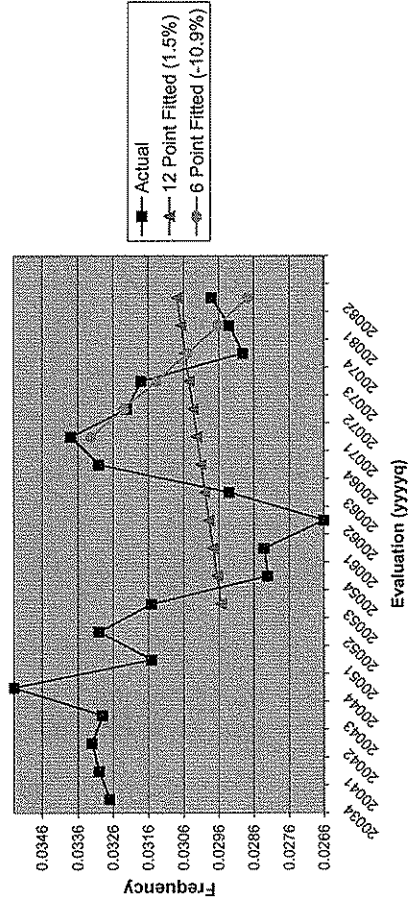
Experience Period	Historical Trend Period (1)	Historical # Of Years (2)	Prospective Trend Period (3)	Prospective # Of Years (4)	Frequency Trend Factor (5)	Severity Trend Factor (6)
03/03-03/04	10/03-10/07	4.0	10/07-01/10	2.3	$(0.990)^{4.0} * (1.000)^{2.3} = 0.961$	$(1.020)^{4.0} * (1.020)^{2.3} = 1.133$
03/04-03/05	10/04-10/07	3.0	10/07-01/10	2.3	$(0.990)^{3.0} * (1.000)^{2.3} = 0.970$	$(1.020)^{3.0} * (1.020)^{2.3} = 1.111$
03/05-03/06	10/05-10/07	2.0	10/07-01/10	2.3	$(0.990)^{2.0} * (1.000)^{2.3} = 0.980$	$(1.020)^{2.0} * (1.020)^{2.3} = 1.089$
03/06-03/07	10/06-10/07	1.0	10/07-01/10	2.3	$(0.990)^{1.0} * (1.000)^{2.3} = 0.990$	$(1.020)^{1.0} * (1.020)^{2.3} = 1.068$
03/07-03/08	10/07-10/07	0.0	10/07-01/10	2.3	$(0.990)^{0.0} * (1.000)^{2.3} = 1.000$	$(1.020)^{0.0} * (1.020)^{2.3} = 1.047$

Experience Period	RLI Loss Trend Factor (7)
03/03-03/04	1.089
03/04-03/05	1.078
03/05-03/06	1.067
03/06-03/07	1.057
03/07-03/08	1.047

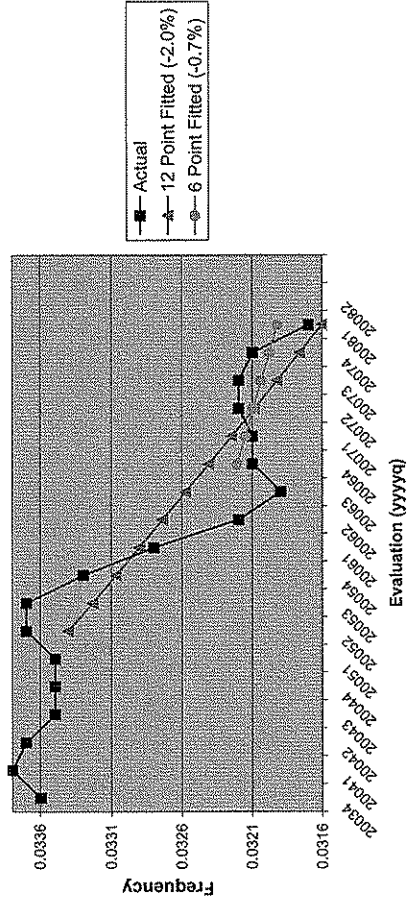
- (1) Midpoint of experience period to midpoint of latest historical period.  
(2) # of years.  
(3) Midpoint of latest historical period to 1 year beyond effective date of 1/22/09.  
(4) # of years.  
(5)  $(1 + \text{Historical Trend})^{(2)} * (1 + \text{Prospective Trend})^{(4)}$   
(6)  $(1 + \text{Historical Trend})^{(2)} * (1 + \text{Prospective Trend})^{(4)}$   
(7) (5) \* (6)

AUTO LOSS TREND  
ARKANSAS  
PROPERTY DAMAGE

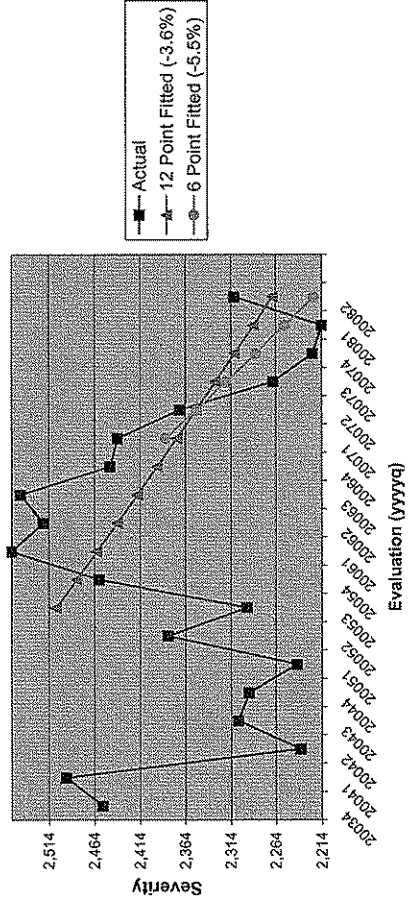
Encompass Frequency



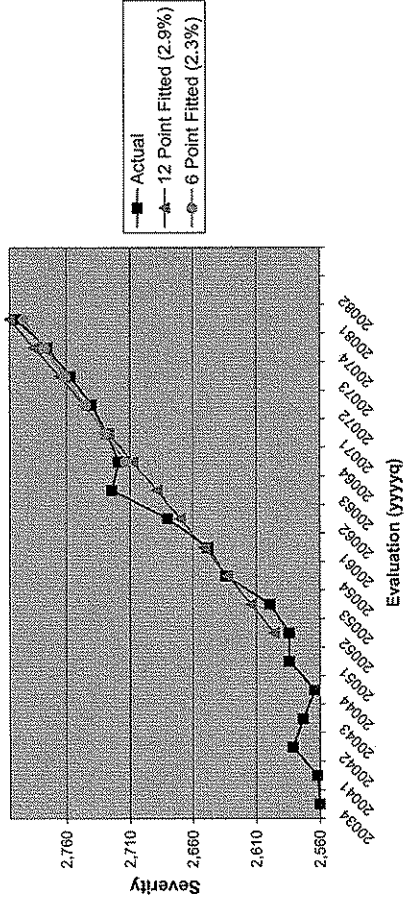
ISO Frequency



Encompass Severity



ISO Severity



**ENCOMPASS INSURANCE**  
Arkansas  
Private Passenger Automobile

Exhibit 9.3

Loss Trend Factors - Comprehensive

4 Quarters Ending	PAID FREQUENCY		ANNUAL CHANGE		PAID SEVERITY (Closed with pay)		ANNUAL CHANGE	
	Encompass	Fast Track	Encompass	Fast Track	Encompass	Fast Track	Encompass	Fast Track
4Q_2003		0.09670				887		
1Q_2004		0.09510				886		
2Q_2004		0.09490				909		
3Q_2004		0.08730				856		
4Q_2004		0.08640		-10.7%		869		-2.0%
1Q_2005		0.08740		-8.1%		893		0.8%
2Q_2005		0.08320		-12.3%		824		-9.4%
3Q_2005		0.08190		-6.2%		828		-3.3%
4Q_2005		0.08200		-5.1%		869		0.0%
1Q_2006		0.08150		-6.8%		976		9.3%
2Q_2006		0.08490		2.0%		1,161		40.9%
3Q_2006		0.08060		-1.6%		1,216		46.9%
4Q_2006		0.07640		-6.8%		1,246		43.4%
1Q_2007		0.07090		-13.0%		1,215		24.5%
2Q_2007		0.06090		-28.3%		1,065		-8.3%
3Q_2007		0.05940		-26.3%		1,078		-11.3%
4Q_2007		0.05870		-23.2%		1,086		-12.8%
1Q_2008		0.06020		-15.1%		1,157		-4.8%
2Q_2008								

Fitted Line 1	12pt Exp Trend	-0.9%	-14.1%	12pt Exp Trend	22.1%	12.3%
Fitted Line 2	6pt Exp Trend	2.7%	-18.4%	6pt Exp Trend	8.4%	-7.6%

SELECTED HISTORICAL ANNUAL TREND

0.0%

SELECTED PROSPECTIVE ANNUAL TREND

0.0%

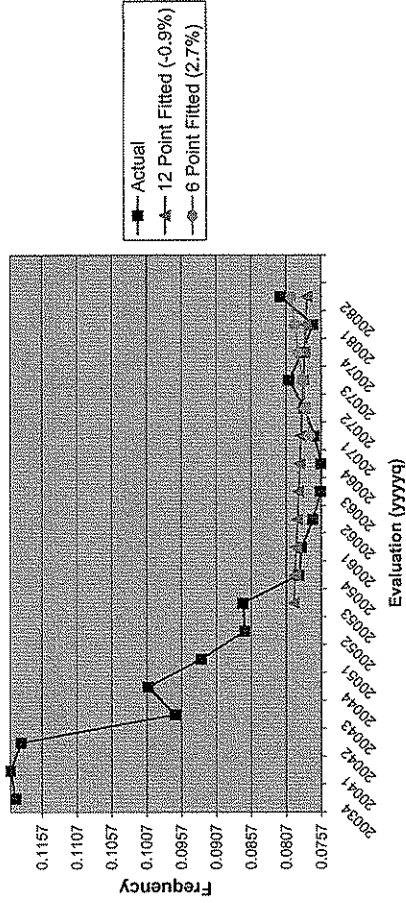
Experience Period	Historical Trend Period (1)	Historical # Of Years (2)	Prospective Trend Period (3)	Prospective # Of Years (4)	Frequency Trend Factor (5)	Severity Trend Factor (6)
03/03-03/04	10/03-10/07	4.0	10/07-01/10	2.3	$(1.000)^{4.0} * (1.000)^{2.3} = 1.000$	$(1.000)^{4.0} * (1.000)^{2.3} = 1.000$
03/04-03/05	10/04-10/07	3.0	10/07-01/10	2.3	$(1.000)^{3.0} * (1.000)^{2.3} = 1.000$	$(1.000)^{3.0} * (1.000)^{2.3} = 1.000$
03/05-03/06	10/05-10/07	2.0	10/07-01/10	2.3	$(1.000)^{2.0} * (1.000)^{2.3} = 1.000$	$(1.000)^{2.0} * (1.000)^{2.3} = 1.000$
03/06-03/07	10/06-10/07	1.0	10/07-01/10	2.3	$(1.000)^{1.0} * (1.000)^{2.3} = 1.000$	$(1.000)^{1.0} * (1.000)^{2.3} = 1.000$
03/07-03/08	10/07-10/07	0.0	10/07-01/10	2.3	$(1.000)^{0.0} * (1.000)^{2.3} = 1.000$	$(1.000)^{0.0} * (1.000)^{2.3} = 1.000$

Experience Period	RLI Loss Trend Factor (7)
03/03-03/04	1.000
03/04-03/05	1.000
03/05-03/06	1.000
03/06-03/07	1.000
03/07-03/08	1.000

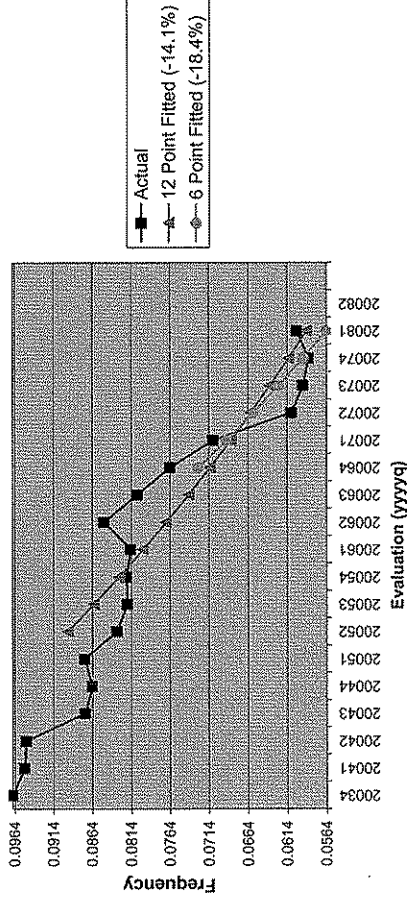
- (1) Midpoint of experience period to midpoint of latest historical period.  
(2) (1) # of years.  
(3) Midpoint of latest historical period to 1 year beyond effective date of 1/22/09.  
(4) (3) # of years.  
(5)  $(1 + \text{Historical Trend})^{(2)} * (1 + \text{Prospective Trend})^{(4)}$   
(6)  $(1 + \text{Historical Trend})^{(2)} * (1 + \text{Prospective Trend})^{(4)}$   
(7) (5) \* (6)

AUTO LOSS TREND  
ARKANSAS  
COMPREHENSIVE

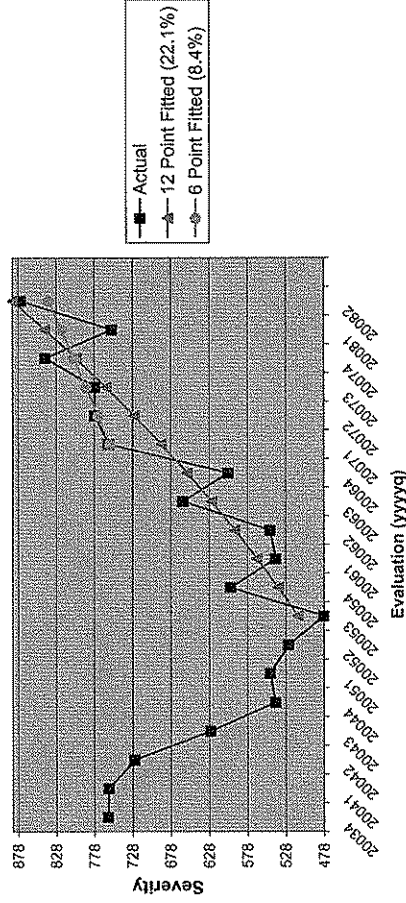
Encompass Frequency



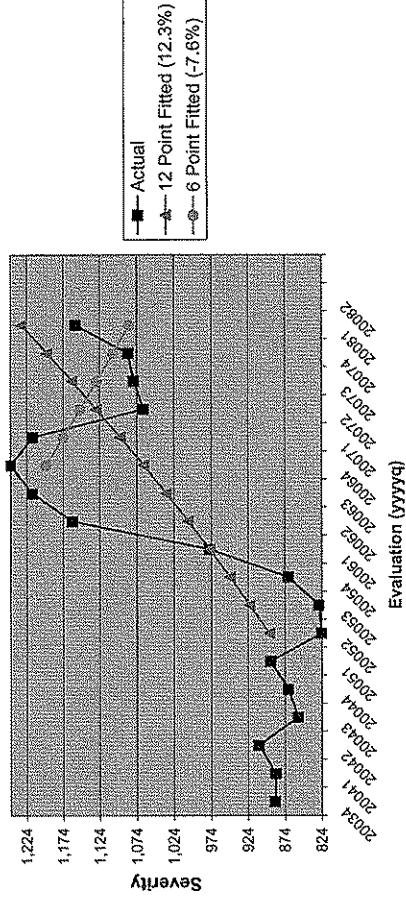
ISO Frequency



Encompass Severity



ISO Severity



**ENCOMPASS INSURANCE**  
**Arkansas**  
**Private Passenger Automobile**

Exhibit 9.4

Loss Trend Factors - Collision

4 Quarters Ending	PAID FREQUENCY		ANNUAL CHANGE		PAID SEVERITY (Closed with pay)		ANNUAL CHANGE	
	Encompass	Fast Track	Encompass	Fast Track	Encompass	Fast Track	Encompass	Fast Track
4Q_2003		0.05610				2,954		
1Q_2004		0.05530				2,937		
2Q_2004		0.05510				2,977		
3Q_2004		0.05430				3,011		
4Q_2004		0.05390		-3.9%		3,062		3.7%
1Q_2005		0.05420		-2.0%		3,105		5.7%
2Q_2005		0.05440		-1.3%		3,125		5.0%
3Q_2005		0.05420		-0.2%		3,116		3.5%
4Q_2005		0.05340		-0.9%		3,154		3.0%
1Q_2006		0.05240		-3.3%		3,128		0.7%
2Q_2006		0.05150		-5.3%		3,149		0.8%
3Q_2006		0.05150		-5.0%		3,153		1.2%
4Q_2006		0.05190		-2.8%		3,136		-0.6%
1Q_2007		0.05220		-0.4%		3,192		2.0%
2Q_2007		0.05250		1.9%		3,175		0.8%
3Q_2007		0.05240		1.7%		3,182		0.9%
4Q_2007		0.05230		0.8%		3,198		2.0%
1Q_2008		0.05210		-0.2%		3,258		2.1%
2Q_2008								

Fitted Line 1 12pt Exp Trend  
Fitted Line 2 6pt Exp Trend

1.3% -1.2%  
-14.6% 0.3%

12pt Exp Trend  
6pt Exp Trend

-1.9% 1.2%  
-1.2% 2.3%

SELECTED HISTORICAL ANNUAL TREND

Historical Annual Trend: -1.0%

SELECTED PROSPECTIVE ANNUAL TREND

Prospective Annual Trend: 0.0%

Historical Annual Trend: 2.0%

Prospective Annual Trend: 2.0%

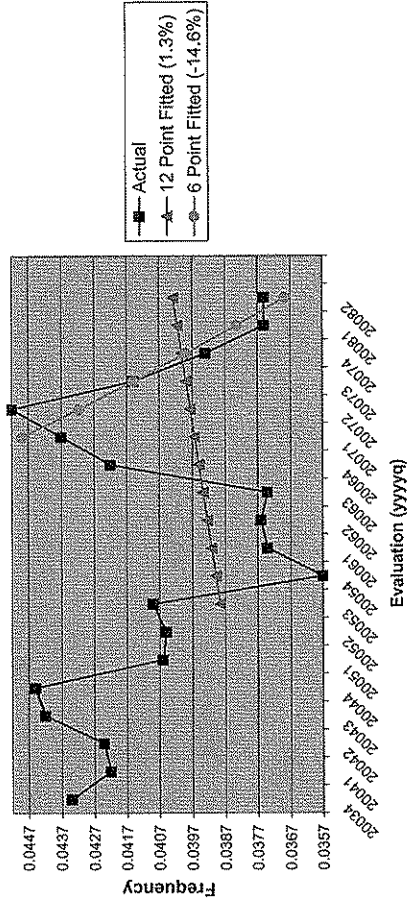
Experience Period	Historical Trend Period (1)	Historical # Of Years (2)	Prospective Trend Period (3)	Prospective # Of Years (4)	Frequency Trend Factor (5)	Severity Trend Factor (6)
03/03-03/04	10/03-10/07	4.0	10/07-01/10	2.3	$(0.990)^{4.0} * (1.000)^{2.3} = 0.961$	$(1.020)^{4.0} * (1.020)^{2.3} = 1.133$
03/04-03/05	10/04-10/07	3.0	10/07-01/10	2.3	$(0.990)^{3.0} * (1.000)^{2.3} = 0.970$	$(1.020)^{3.0} * (1.020)^{2.3} = 1.111$
03/05-03/06	10/05-10/07	2.0	10/07-01/10	2.3	$(0.990)^{2.0} * (1.000)^{2.3} = 0.980$	$(1.020)^{2.0} * (1.020)^{2.3} = 1.089$
03/06-03/07	10/06-10/07	1.0	10/07-01/10	2.3	$(0.990)^{1.0} * (1.000)^{2.3} = 0.990$	$(1.020)^{1.0} * (1.020)^{2.3} = 1.068$
03/07-03/08	10/07-10/07	0.0	10/07-01/10	2.3	$(0.990)^{0.0} * (1.000)^{2.3} = 1.000$	$(1.020)^{0.0} * (1.020)^{2.3} = 1.047$

Experience Period	RLI Loss Trend Factor (7)
03/03-03/04	1.089
03/04-03/05	1.078
03/05-03/06	1.067
03/06-03/07	1.057
03/07-03/08	1.047

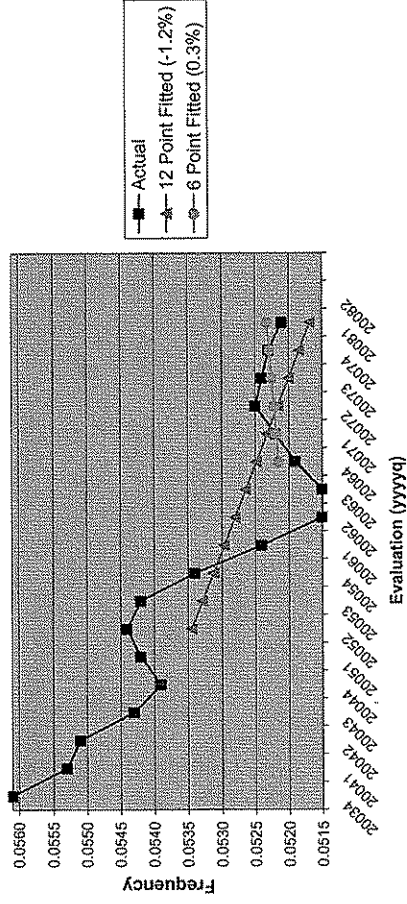
- (1) Midpoint of experience period to midpoint of latest historical period.  
(2) (1) # of years.  
(3) Midpoint of latest historical period to 1 year beyond effective date of 1/22/09.  
(4) (3) # of years.  
(5)  $(1 + \text{Historical Trend})^{(2)} * (1 + \text{Prospective Trend})^{(4)}$   
(6)  $(1 + \text{Historical Trend})^{(2)} * (1 + \text{Prospective Trend})^{(4)}$   
(7) (5) \* (6)

AUTO LOSS TREND  
ARKANSAS  
COLLISION

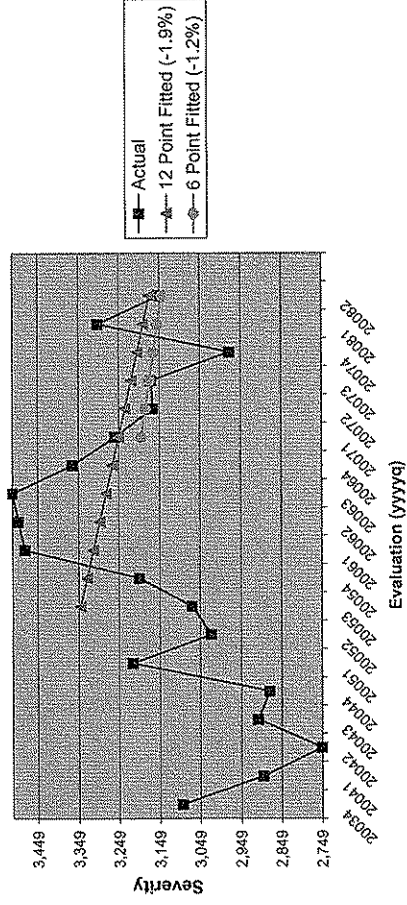
Encompass Frequency



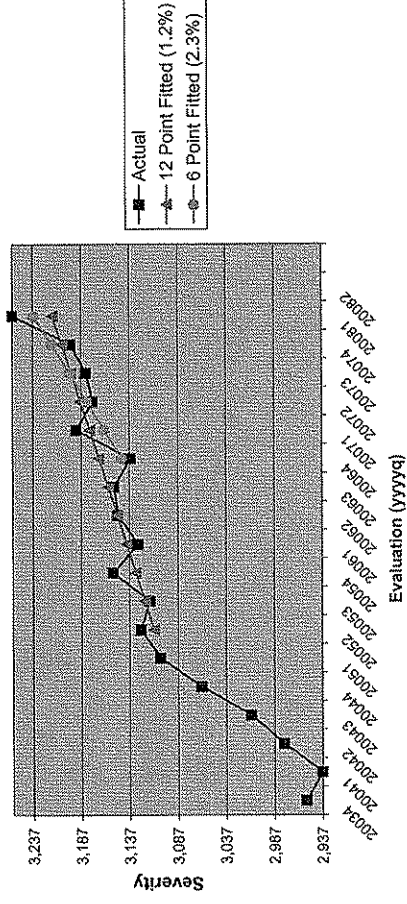
ISO Frequency



Encompass Severity



ISO Severity



**ENCOMPASS INSURANCE**  
**Arkansas**  
**Private Passenger Automobile**

**Non-Modeled Catastrophe Load**

<b>Year</b>	<b>Incurred Losses</b>		<b>Ratio</b>
	<b>Excluding Catastrophes</b>	<b>Catastrophe Losses</b>	
1988	166,983	0	0.000
1989	289,222	185,136	0.640
1990	204,299	12,351	0.060
1991	233,004	37,037	0.159
1992	149,979	12,092	0.081
1993	168,967	4,957	0.029
1994	185,638	7,414	0.040
1995	188,575	22,328	0.118
1996	249,713	78,351	0.314
1997	171,875	42,498	0.247
1998	313,158	5,250	0.017
1999	710,010	204,275	0.288
2000	1,022,867	62,910	0.062
2001	1,016,231	38,331	0.038
2002	730,381	36,711	0.050
2003	549,265	18,734	0.034
2004	209,389	2,485	0.012
2005	222,758	0	0.000
2006	255,238	124,255	0.487
2007	258,326	12,230	0.047
<b>Total</b>	<b>7,295,878</b>	<b>907,345</b>	<b>0.124</b>

**ENCOMPASS INSURANCE**  
**Arkansas**  
**Private Passenger Automobile**

**Exhibit 11**

**Expenses**  
**Private Passenger Auto\*\***

Dollars

	Item	Liability	Physical Damage
(1)	Avg Direct Premiums Earned*	613,170,770	456,169,262
(2)	Avg Incurred Loss*	433,290,079	211,774,086
(3)	Avg General Expenses*	56,378,479	38,792,674
(4)	Avg Other Acquisition*	1,663,489	1,196,776
(5)	Avg Unallocated Claim Expense*	60,134,076	34,902,627

Percentages

	Item	Liability	Physical Damage
(6)	General Expenses***	9.2%	8.5%
(7)	Other Acquisition***	0.3%	0.3%
(8)	Unallocated Claim Expense****	13.9%	16.5%

**Notes**

\* Average of 2005, 2006 and 2007

\*\* Excludes Hagerty Agency and Involuntary Business.

\*\*\* Ratio to premium

\*\*\*\* Ratio to incurred loss

(4) Other Acquisition includes: Marketing, MVR ordering costs, Special Funds and Assessments, Writeoffs and Payment Fees (which are a contra-expense).



**ENCOMPASS INSURANCE**  
**Arkansas**  
**Private Passenger Automobile**

**Adjusted Fixed Expense Calculation**

	(1) (Exhibit 11)	(2)	(3) (Exhibit 6A)	(4)	(5) $(1) * [1 + (2)]^{(3)} / (4)$
Coverage	Fixed Expense	Fixed Expense Trend	Premium Trend Period	Premium Adjustment Factor	Adjusted Fixed Expense
Liability	9.5%	2.7%	2.3	0.939	10.8%
UM/UIM	9.5%	2.7%	2.3	1.021	9.9%
Comp	8.8%	2.7%	2.3	0.965	9.7%
Coll	8.8%	2.7%	2.3	0.994	9.4%

(4) = Adjusted Earned Premium (\$) / Actual Earned Premium (\$)

**ENCOMPASS INSURANCE**  
**Arkansas**  
**Private Passenger Automobile**

**Discounted Cash Flow - Liability**

Calculation of Present Value, as of the Average Earning Date  
of a Policy year, of all Income and Outgo @ 1.95%\*  
force of interest, given an Operating Profit of 7.62%  
and twelve-month Policy Terms

<u>Years From Start of Policy Year</u>	<u>Countrywide Cumulative Percent of Losses Paid</u>	<u>Countrywide Yearly Percent of Losses Paid</u>	<u>Time from Start of Policy Year</u>	<u>Discounted ** to avg time of profit @ 1.95%</u>	<u>Discounted Payments</u>
1	13.5%	13.5%	0.72	1.01	13.6%
2	50.2%	36.7%	1.44	0.99	36.4%
3	70.5%	20.3%	2.43	0.97	19.7%
4	84.3%	13.8%	3.50	0.95	13.2%
5	92.6%	8.3%	4.44	0.94	7.7%
6	96.5%	4.0%	5.52	0.92	3.6%
Subsequent	100.0%	3.5%	7.50	0.88	3.1%
Total		100.0%			97.3%
Expected Losses and Loss Expense Ratio					62.9%
Present Value of Loss and Loss Expense Payments					61.2%
Taxes, Licenses and Fees		2.8%	0.65	1.01	2.8%
Commissions		15.5%	0.58	1.01	15.6%
Other Acquisition		0.3%	0.56	1.01	0.3%
General Expense		9.2%	0.63	1.01	9.3%
Cost of Debt		1.2%	1.00	1.00	1.2%
Profit		8.1%	1.00	1.00	8.1%
Total Present Value of Outgo					98.5%
Premiums		100.0%	0.57	1.01	100.8%
Difference, Present Value of Income Less Present Value of Outgo					2.3%

\*Discount rate from Investments Department forecast

\*\*exp (0.0195 x (timing of profit being earned - timing of cash flow))

**ENCOMPASS INSURANCE**  
**Arkansas**  
**Private Passenger Automobile**

**Discounted Cash Flow - Physical Damage**

Calculation of Present Value, as of the Average Earning Date  
of a Policy year, of all Income and Outgo @ 1.95%\*  
force of interest, given an Operating Profit of 7.62%  
and twelve-month Policy Terms

<u>Years From Start of Policy Year</u>	<u>Countrywide Cumulative Percent of Losses Paid</u>	<u>Countrywide Yearly Percent of Losses Paid</u>	<u>Time from Start of Policy Year</u>	<u>Discounted ** to avg time of profit @ 1.95%</u>	<u>Discounted Payments</u>
1	46.0%	46.0%	0.72	1.01	46.3%
2	100.0%	54.0%	1.44	0.99	53.5%
3	100.0%	0.0%	2.43	0.97	0.0%
4	100.0%	0.0%	3.50	0.95	0.0%
5	100.0%	0.0%	4.44	0.94	0.0%
6	100.0%	0.0%	5.52	0.92	0.0%
Subsequent	100.0%	0.0%	7.50	0.88	0.0%
Total		100.0%			99.8%
Expected Losses and Loss Expense Ratio					61.2%
Present Value of Loss and Loss Expense Payments					61.0%
Taxes, Licenses and Fees		2.8%	0.65	1.01	2.8%
Commissions		15.5%	0.58	1.01	15.6%
Other Acquisition		0.3%	0.56	1.01	0.3%
General Expense		8.5%	0.63	1.01	8.6%
Debt Provision		1.2%	1.00	1.00	1.2%
Profit		10.6%	1.00	1.00	10.6%
Total Present Value of Outgo					100.1%
Premiums		100.0%	0.57	1.01	100.8%
Difference, Present Value of Income Less Present Value of Outgo					0.8%

\*Discount rate from Investments Department forecast

\*\*exp (0.0195 x (timing of profit being earned - timing of cash flow))

**ENCOMPASS INSURANCE**  
**Arkansas**  
**Private Passenger Automobile**  
**Permissible Loss + LAE Ratio**

	(1)	(2)	(3)	(4)	(5) = 1- [(1) + (2) + (3)+(4)]
Coverage	Taxes	Commissions	Profit	Debt Provision	Permissible Loss & LAE Ratio
Liability	2.8%	15.5%	8.1%	1.2%	72.4%
UM	2.8%	15.5%	8.1%	1.2%	72.4%
Comp	2.8%	15.5%	10.6%	1.2%	70.0%
Coll	2.8%	15.5%	10.6%	1.2%	70.0%

## PROPERTY & CASUALTY RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

**(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)**

1.	This filing transmittal is part of Company Tracking #	ER-0895
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A
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☒ Rate Increase      ☐ Rate Decrease      ☐ Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File and Use
----	---	--------------

4a. Rate Change by Company (As Proposed)							
Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)
Encompass Insurance Company of America	9.8%	9.8%	\$121,607	1,470 (exposures)	\$1,240,889	28.29%	0.0%

4b. Rate Change by Company (As Accepted) For State Use Only							
Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)

5. Overall Rate Information (Complete for Multiple Company Filings only)			
		COMPANY USE	STATE USE
5a.	Overall percentage rate indication(when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing - Number of policyholders affected		

6.	Overall percentage of last rate revision	5.0%
7.	Effective Date of last rate revision	8/24/06 New and 8/24/06 RN
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File and Use

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	Motor Vehicle Rate Pages-Base Rates	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	Motor Vehicle Rate Pages-Medical Limits	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03	Excess Liability Rules-5-A	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

**ENCOMPASS INSURANCE**

LAW AND REGULATION  
2775 Sanders Road, Suite A5  
Northbrook, Illinois 60062  
(847) 402-5039  
FAX (847) 402-9757

**Chris Ewing**  
**Assistant State Filings Manager**

November 6, 2008

**Response to DOI Objection Received 11.04.2008:**

**This will acknowledge receipt of the captioned filing. As discussed today, the Rf-1 and APCS must be separate documents, and the APCS must be in Excel. Also, please advise what factors would result in a 28 percent increase.**

With this response, Encompass Insurance Company of America is re-submitting the A-1, RF-1, and APCS forms separately, with the APCS form in Excel format. The information on these forms is unchanged from the original filing, with the exception of the RF-1 form Estimated Maximum Rate Increase for any Insured, as discussed below.

The 28 percent increase listed in the original filing was due to a calculation error. The rates in the manuals that were filed are correct to achieve the targeted change; however, there was a slight error in the estimation of individual policyholder impacts. After reviewing and correcting this error, the maximum estimated impact on an individual item basis is 23.9%, which applies to a golf cart in territory 38 with liability-only coverage. The estimated dollar increase for this item is \$38. The maximum estimated change on a policyholder basis is 22.5%, for a liability-only policy in territory 4. The targeted rate level increase for liability coverages is 22.0%. The slight difference can be explained by rounding of the proposed base rates and rounding in premium calculation.

With this submission, Encompass Insurance Company of America is submitting revised RF-1 and Rate & Rule Filing Schedule forms to reflect the correct estimated maximum impacts.

# Private Passenger Auto Premium Comparison Survey Form

FORM APCS - last modified August 2005

NAIC Number: 008-10071  
 Company Name: Encompass Insurance Company of America  
 Contact Person: Jamie Anderson  
 Telephone No.: 847-402-9541  
 Email Address: [janar@allstate.com](mailto:janar@allstate.com)  
 Effective Date: 1/22/2009

## DISCOUNTS OFFERED:

PASSIVE RESTRAINT/AIRBAG	5-30	%
AUTO/HOMEOWNERS	20	%
GOOD STUDENT	10-14	%
ANTI-THEFT DEVICE	5-15	%
Over 55 Defensive Driver Discount	10	%
\$250/\$500 Deductible Comp./Coll.	0/13	%

## Assumptions to Use:

- 1 Liability -Minimum \$25,000 per person
- 2 Bodily Injury \$50,000 per accident  
\$25,000 per accident
- 3 Property Damage \$100 deductible per accident
- 4 Comprehensive & Collision \$250 deductible per accident
- 5 The insured has elected to accept:  
Uninsured motorist property and bodily injury equal to liability coverage  
Underinsured bodily injury equal to liability coverage
- 6 Personal Injury Protection of \$5,000 for medical, loss wages according to statute and \$5,000 accidental
- 7 If male and female rates are different, use the highest of the two

Submit to: Arkansas Insurance Department  
 1200 West Third Street  
 Little Rock, AR 72201-1904  
 Telephone: 501-371-2800

Email as an attachment [insurance.pnc@arkansas.gov](mailto:insurance.pnc@arkansas.gov)  
 You may also attach to a SERFF filing or submit on a compact disk

Vehicle	Coverages	Gender	Fayetteville				Trumann				Little Rock				Lake Village				Pine Bluff			
			Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female
		Age	18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66
1999 Chevrolet Silverado 1500 2WD "LS" regular cab 119" WB	Minimum Liability		\$738	\$1,087	\$302	\$274	\$844	\$1,245	\$343	\$311	\$1,306	\$1,932	\$521	\$473	\$844	\$1,245	\$343	\$311	\$1,109	\$1,638	\$445	\$403
	Minimum Liability with Comprehensive and Collision		\$1,549	\$2,287	\$629	\$570	\$1,699	\$2,510	\$687	\$622	\$2,119	\$3,135	\$848	\$769	\$1,699	\$2,510	\$687	\$622	\$1,876	\$2,773	\$755	\$683
	100/300/50 Liability with Comprehensive and Collision		\$1,711	\$2,527	\$692	\$627	\$1,891	\$2,795	\$761	\$689	\$2,417	\$3,579	\$963	\$872	\$1,891	\$2,795	\$761	\$689	\$2,124	\$3,144	\$852	\$770
2003 Ford Explorer "XLT" 2WD, 4 door	Minimum Liability		\$738	\$1,087	\$302	\$274	\$844	\$1,245	\$343	\$311	\$1,306	\$1,932	\$521	\$473	\$844	\$1,245	\$343	\$311	\$1,109	\$1,638	\$445	\$403
	Minimum Liability with Comprehensive and Collision		\$1,870	\$2,764	\$755	\$682	\$2,038	\$3,016	\$820	\$742	\$2,439	\$3,613	\$973	\$882	\$2,038	\$3,016	\$820	\$742	\$2,179	\$3,224	\$872	\$790
	100/300/50 Liability with Comprehensive and Collision		\$2,032	\$3,004	\$818	\$739	\$2,230	\$3,301	\$894	\$809	\$2,737	\$4,057	\$1,088	\$985	\$2,230	\$3,301	\$894	\$809	\$2,427	\$3,595	\$969	\$877
2003 Honda Odyssey "EX"	Minimum Liability		\$738	\$1,087	\$302	\$274	\$844	\$1,245	\$343	\$311	\$1,306	\$1,932	\$521	\$473	\$844	\$1,245	\$343	\$311	\$1,109	\$1,638	\$445	\$403
	Minimum Liability with Comprehensive and Collision		\$1,807	\$2,671	\$730	\$660	\$1,971	\$2,916	\$794	\$719	\$2,377	\$3,520	\$949	\$859	\$1,971	\$2,916	\$794	\$719	\$2,120	\$3,136	\$850	\$768
	100/300/50 Liability with Comprehensive and Collision		\$1,969	\$2,911	\$793	\$717	\$2,163	\$3,201	\$868	\$786	\$2,675	\$3,964	\$1,064	\$962	\$2,163	\$3,201	\$868	\$786	\$2,368	\$3,507	\$947	\$855
2005 Toyota Camry LE 3.0L 4 door Sedan	Minimum Liability		\$738	\$1,087	\$302	\$274	\$844	\$1,245	\$343	\$311	\$1,306	\$1,932	\$521	\$473	\$844	\$1,245	\$343	\$311	\$1,109	\$1,638	\$445	\$403
	Minimum Liability with Comprehensive and Collision		\$2,133	\$3,158	\$858	\$775	\$2,321	\$3,437	\$931	\$842	\$2,701	\$4,003	\$1,076	\$974	\$2,321	\$3,437	\$931	\$842	\$2,427	\$3,593	\$969	\$877
	100/300/50 Liability with Comprehensive and Collision		\$2,295	\$3,398	\$921	\$832	\$2,513	\$3,722	\$1,005	\$909	\$2,999	\$4,447	\$1,191	\$1,077	\$2,513	\$3,722	\$1,005	\$909	\$2,675	\$3,964	\$1,066	\$964
2003 Cadillac Seville "STS" 4 door Sedan	Minimum Liability		\$738	\$1,087	\$302	\$274	\$844	\$1,245	\$343	\$311	\$1,306	\$1,932	\$521	\$473	\$844	\$1,245	\$343	\$311	\$1,109	\$1,638	\$445	\$403
	Minimum Liability with Comprehensive and Collision		\$2,272	\$3,366	\$913	\$826	\$2,472	\$3,663	\$991	\$896	\$2,836	\$4,203	\$1,129	\$1,021	\$2,472	\$3,663	\$991	\$896	\$2,556	\$3,785	\$1,021	\$922
	100/300/50 Liability with Comprehensive and Collision		\$2,434	\$3,606	\$976	\$883	\$2,664	\$3,948	\$1,065	\$963	\$3,134	\$4,647	\$1,244	\$1,124	\$2,664	\$3,948	\$1,065	\$963	\$2,804	\$4,156	\$1,118	\$1,009
1998 Chevrolet Cavalier LS 4D Sedan	Minimum Liability		\$738	\$1,087	\$302	\$274	\$844	\$1,245	\$343	\$311	\$1,306	\$1,932	\$521	\$473	\$844	\$1,245	\$343	\$311	\$1,109	\$1,638	\$445	\$403
	Minimum Liability with Comprehensive and Collision		\$1,623	\$2,398	\$658	\$596	\$1,781	\$2,633	\$719	\$651	\$2,190	\$3,241	\$876	\$794	\$1,781	\$2,633	\$719	\$651	\$1,945	\$2,874	\$781	\$708
	100/300/50 Liability with Comprehensive and Collision		\$1,785	\$2,638	\$721	\$653	\$1,973	\$2,918	\$793	\$718	\$2,488	\$3,685	\$991	\$897	\$1,973	\$2,918	\$793	\$718	\$2,193	\$3,245	\$878	\$795

<i>SERFF Tracking Number:</i>	<i>ALSX-125879404</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Encompass Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>ER-0895</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule/Rate Filing/ER-0895</i>		

Attachment "Nov 4 APCS.XLS" is not a PDF document and cannot be reproduced here.



## PROPERTY & CASUALTY RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

**(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)**

1.	This filing transmittal is part of Company Tracking #	ER-0895
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A
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☒ Rate Increase      ☐ Rate Decrease      ☐ Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File and Use
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4a. Rate Change by Company (As Proposed)							
Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)
Encompass Insurance Company of America	9.8%	9.8%	\$121,607	1,470 (exposures)	\$1,240,889	23.9%	0.0%

4b. Rate Change by Company (As Accepted) For State Use Only							
Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)

5. Overall Rate Information (Complete for Multiple Company Filings only)			
		COMPANY USE	STATE USE
5a.	Overall percentage rate indication(when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing - Number of policyholders affected		

6.	Overall percentage of last rate revision	5.0%
7.	Effective Date of last rate revision	8/24/06 New and 8/24/06 RN
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File and Use

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	Motor Vehicle Rate Pages-Base Rates	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	Motor Vehicle Rate Pages-Medical Limits	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03	Excess Liability Rules-5-A	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

## PRIVATE PASSENGER AUTOMOBILE ABSTRACT

Instructions: All questions must be answered. If the answer is "none" or "Not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submission that do not alter the information contained herein need not include this form.

Company Name Encompass Insurance Company of AmericaNAIC No. 008-10071 Group No. ER-0895

1. Are there any areas in the State of Arkansas in which your company will not write automobile insurance?  
NO
2. Do you furnish a market for young drivers? Yes \_\_\_\_\_  
Over age 65 drivers? Yes \_\_\_\_\_
3. Do you require collateral business to support a youthful driver risk? Yes \_\_\_\_\_
4. Do you insure driver with an international or foreign driver's license? Yes \_\_\_\_\_
5. Specify the percentage you allow in credit or discounts for the following:
  - a. Driver Over 55 \_\_\_\_\_ 10 \_\_\_\_\_ %
  - b. Good Student Discount \_\_\_\_\_ 10-14 \_\_\_\_\_ %
  - c. Multi-car Discount \_\_\_\_\_ 25 \_\_\_\_\_ %  
\* Assuming clean driving record, married 25-49, pleasure use
  - d. Accident Free Discount\* \_\_\_\_\_ 5-10 \_\_\_\_\_ %  
\* 5% discount applied to the total base premiums for BI, PD, CSL, Med and Coll Coverages of any policy that has been both free of accidents and major violations (of 2 or more points) for the last three years. Discount increases 1% for every consecutive year in addition to 3 years for up to a 10% discount.
  - e. Anti-theft Discount \_\_\_\_\_ 5-15 \_\_\_\_\_ %
  - f. Other (specify) \_\_\_\_\_ %  
Anti-Lock Braking / Passive Restraint \_\_\_\_\_ 5-30 \_\_\_\_\_ %
6. Do you have an installment payment plan for automobile insurance? Yes \_\_\_\_\_  
If so, what is the fee for installment payments?  
For each installment, a \$5 charge shall be added.
7. Does your company utilize a tiered rating plan? Yes \_\_\_\_\_ If so, list the programs and percentage difference.  
State the current volume for each program.

Program	Percentage Difference	Volume (Policies)
Platinum Plus	0.80	743
Platinum	1.00	246
Gold	1.25	19
Silver Select	1.70	462

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Jamie Anderson

Signature

Actuarial Analyst

Title

847-402-9541

Telephone Number



# NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	ER-0895
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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	Company Name		Company NAIC Number
3.	A.	Encompass Insurance Company of America	B. 008-10071

	Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Auto- Liability 19.0, Auto- Physical Damage 21.0	B.

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Liability	+35.8%	+22.0%					
UM/UIM	-5.7%	0.0%					
Comprehensive	-15.1%	0.0%					
Collision	-10.8%	0.0%					
TOTAL OVERALL EFFECT	9.8%	9.8%					

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2003	3,045	10.9%	06/01/03	5,770	2,103	36.4%	49.3%
		6.3%	08/15/03				
2004	1,843	N/A	N/A	4,169	2,309	55.4%	43.4%
2005	1,653	N/A	N/A	3,365	1,671	49.7%	42.0%
2006	1,295	5.0%	08/24/06	2,572	-1,324	-51.5%	46.3%
2007	872	N/A	N/A	1,898	1,626	85.7%	55.8%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	15.8%
B. General Expense	Liab: 9.2% Phys Dam: 8.5%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	Liab: 8.1% Phys Dam: 10.6%
E. Other (explain)	-
F. TOTAL	Liab:33.1% PhysDam: 37.7%

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. 23.9% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 38

10. N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable):

**ENCOMPASS INSURANCE**

LAW AND REGULATION  
2775 Sanders Road, Suite A5  
Northbrook, Illinois 60062  
(847) 402-5039  
FAX (847) 402-9757

**Chris Ewing**  
**Assistant State Filings Manager**

November 17, 2008

**Response to DOI Objection Received 11.13.2008:**

**This will acknowledge receipt of the captioned filing. Please provide the loss ratio for Territory 4.**

The undeveloped, untrended loss ratio for Encompass Insurance Company of America motor vehicle territory 4 for accident years 2005-2007 is 170.4 %. However, this rate filing does not include proposed changes to the previously approved territorial rate relativities. Rather, the proposed rates were developed by applying the targeted variable rate change by coverage uniformly across all territories, subject to rounding of territorial base rates.

In the response to the inquiry received November 4, 2008, the characteristics of the policy with the largest estimated rate impact were listed. The territory was listed as a characteristic, but was not a factor influencing the amount of the rate change for the policy, since the proposed changes are uniform across territory. The primary factor influencing the magnitude of the rate change for the referenced policy is the coverages selected by the policyholder. Because the proposed rate change differs by coverage and is largest in liability coverages, a policy with only liability coverages will receive the largest rate impact.

UW Company Name	ENCOMPASS INSURANCE COMPANY OF AMERICA
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		Data			
Territory	Accident Year	Sum of Earned Premium	Sum of Incurred Loss	Sum of Paid LAE	Loss + LAE Ratio
004	2005	520,474	1,607,747	7,316	310.3
	2006	394,714	209,758	2,056	53.7
	2007	248,715	156,485	-	62.9
004 Total		1,163,902	1,973,991	9,372	170.4
Grand Total		1,163,902	1,973,991	9,372	170.4

<i>SERFF Tracking Number:</i>	<i>ALSX-125879404</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Encompass Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>ER-0895</i>		
<i>TOI:</i>	<i>19.0 Personal Auto</i>	<i>Sub-TOI:</i>	<i>19.0001 Private Passenger Auto (PPA)</i>
<i>Product Name:</i>	<i>Private Passenger Auto</i>		
<i>Project Name/Number:</i>	<i>Rule/Rate Filing/ER-0895</i>		

## Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

<b>Original Date:</b>	<b>Schedule</b>	<b>Document Name</b>	<b>Replaced Date</b>	<b>Attach Document</b>
No original date	Rate and Rule	Rate Pages	10/29/2008	Multiple Page.PDF
No original date	Rate and Rule	XS Rules	10/29/2008	5.PDF

## ARKANSAS USP PACKAGE AUTO RATE PAGES

BASE RATES

Territory	\$100/300 BI	\$50,000 PD	\$250 ded. COMP	\$250 ded. COLL	\$5,000 MED
3	273	199	52	308	31
4	447	329	45	319	32
5	502	367	45	319	32
9	343	265	52	332	31
10	320	241	42	301	24
31	389	285	49	303	32
32	419	310	45	297	33
33	332	233	56	322	24
34	357	250	48	311	28
35	325	231	62	318	28
36	318	221	55	317	31
37	309	223	59	317	31
38	325	224	62	315	31
89	377	287	80	346	31
90	348	261	72	318	31
91	280	235	55	268	31
92	320	218	54	282	32



## ARKANSAS USP PACKAGE AUTO RATE PAGES

Terr	Medical Limits					
	\$1,000	\$2,500	\$5,000	\$10,000	\$25,000	\$50,000
3	18	21	31	41	52	62
4	19	22	32	42	54	64
5	19	22	32	42	54	64
9	18	21	31	41	52	62
10	14	17	24	31	41	48
31	19	22	32	42	54	64
32	19	23	33	43	56	66
33	14	17	24	31	41	48
34	16	19	28	37	47	56
35	16	19	28	37	47	56
36	18	21	31	41	52	62
37	18	21	31	41	52	62
38	18	21	31	41	52	62
89	18	21	31	41	52	62
90	18	21	31	41	52	62
91	18	21	31	41	52	62
92	19	22	32	42	54	64

**SECTION: UNIVERSAL SECURITY POLICY PORTFOLIO:  
EXCESS LIABILITY RULES**
**EFFECTIVE:** January 22, 2009  
**PAGE NO:** 2-Arkansas

**5. ANNUAL RATES—BASIC LIMITS AND \$100/300 OR \$300,000 MINIMUM  
UNDERLYING LIMITS FLAT CHARGE**
**A. Motor Vehicle Liability (rates apply per vehicle)**
**(1) Autos, pickups, vans and registered dune buggies**

<u>Classification</u>	<u>Class Code</u>	<u>Basic Limit Rates All Territories</u>	<u>\$100/300 or \$300,000 Underlying Limit Flat Charge</u>
All Operators	7010XX	\$88	\$6
Youthful Surcharge:			
Operators Under Age 21	7710XX	\$26	\$2
Operators Age 21 to 24	7510XX	\$26	\$2
Silver Select Surcharge	N/A	\$37	\$2
Senior Discount:			
Operators Age 50 and Above	7310XX	\$22	\$1

If two or more vehicles above are insured under the same policy, apply a factor of 0.80 to the above rates. (Class Code: Single Car XXXX01, Multi Car XXXX02)

**(2) Other Miscellaneous Type Vehicles**

<u>Vehicle</u>	<u>Class Code</u>	<u>Basic Limit Rates All Territories</u>	<u>\$100/300 or \$300,000 Underlying Limit Flat Charge</u>
Motor Homes	703000	\$27	\$2
Snowmobiles	704000	\$23	\$2
All-Terrain Vehicles	705000	\$23	\$2
Non-Registered Dune Buggies	706000	\$27	\$2
Golf Carts	707000	\$27	\$2
Antique Autos	708000	\$27	\$2

**Note:** The youthful surcharge should be added for each youthful operator for which coverage is to apply. The senior discount is then applied to any remaining vehicles. The number of youthful surcharges and senior discounts should not exceed the number of motor vehicles on the policy.

**B. Home and Dwelling Fire Personal Liability**

<u>Type</u>	<u>Class Code</u>	<u>Basic Limit Rates All Territories</u>	<u>\$300,000 Underlying Limit Flat Charge</u>
(1) Primary Residence	001	\$30	\$9
(2) Other Residence Premises and Residences Rented to Others	002	\$6	N/A
(3) Extended Liability Exposures: Permitted Business Exposures and Incidental Farming	N/A	\$10 (one charge per residence)	N/A
(4) HomeWork Supplement	N/A	\$37	N/A